



International Investment Bank S.A.



2023 Annual Report

Your Bank, Your Future
O seu Banco O seu Futuro

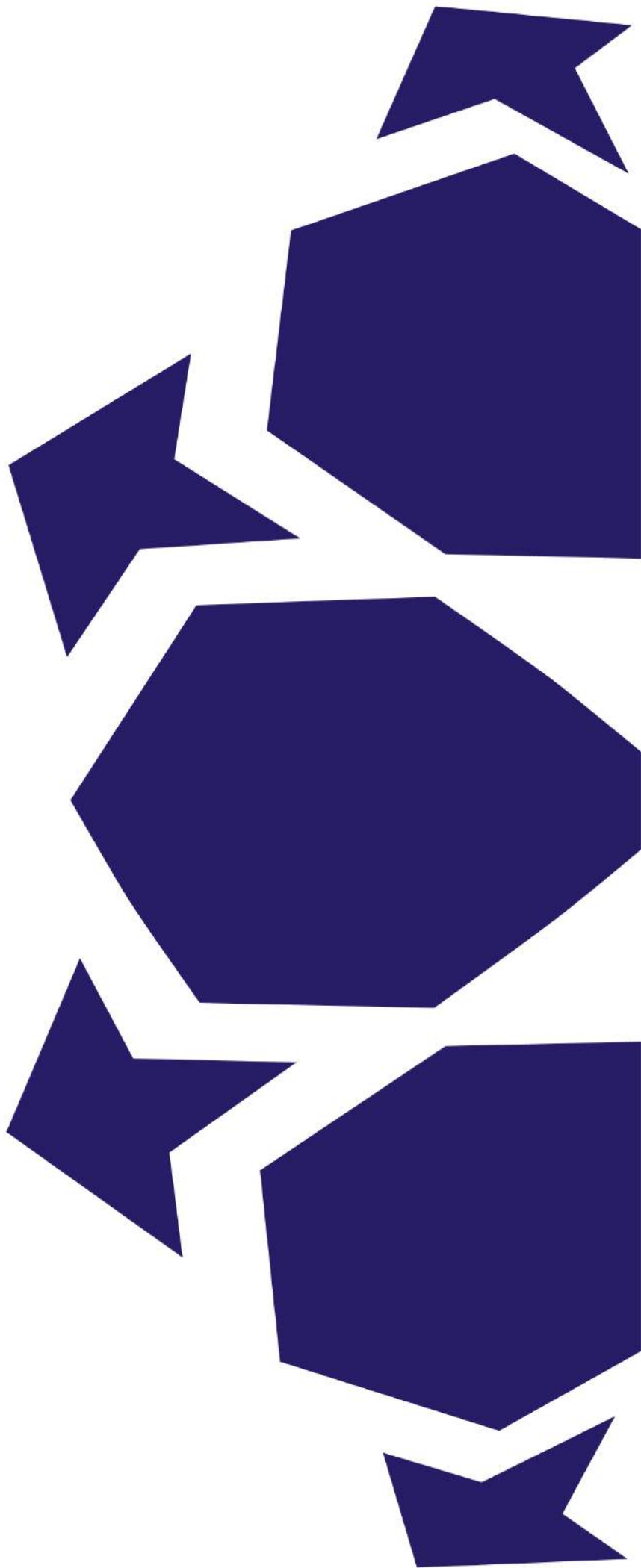


Table of Contents

I.	Management Report	10
1.	Message from the Executive Board	10
2.	The Bank	13
2.1.	Share Capital and Shareholder Structure	13
2.2.	Governing Bodies	14
2.3.	Organizational Structure	15
2.4.	Geographical Presence, Distribution Network and Facilities	16
2.5.	Human Capital and Social Responsibility	16
2.5.1.	Human Capital	16
2.5.2.	Sustainability and Social Responsibility	17
3.	Economic Environment 2023	21
3.1.	International Environment	21
3.2.	Domestic Environment	23
4.	Summary of Activities	24
4.1.	Business Strategy and Model	24
4.2.	Summary of Activities	24
5.	Credit Risk Analysis	26
5.1.	Loan Portfolio	26
5.2.	Credit Risk Analysis and Management	28
6.	Analysis of Developments in Activities	34
6.1.	Balance Sheet	34
6.1.1.	Assets	34
6.1.2.	Liabilities	35
7.	Income, Financial and Prudential Ratios	37
7.1.	Income	37
7.2.	Financial Ratios	39
7.3.	Performance Ratios	39
7.4.	Prudential Ratios	40

8.	Final Notes	41
8.1.	Statement of Compliance on the Financial Information presented	41
8.2.	Proposed Appropriation of Profits	41
8.3.	Acknowledgements	42
II.	Financial Statements and Notes to the Accounts	43
1.	Financial Statements	43
2.	Notes to the Financial Statements for the year ended December 31, 2023	48
3.	Report and Opinion of the Audit Committee	115
4.	External Audit Report	117
III.	Information on Corporate Governance	121
1.	Organizational and Governance Structure	121
2.	Description roles and responsibilities each member of the institution's board	122
3.	Business Units	123
3.1.	Commercial	123
3.2.	Financial & ALM	123
4.	Internal Control and Risk Management System	124
4.1.	Overall Risk	124
4.2.	Compliance	124
4.3.	Internal Audit	125
5.	Business Support	126
5.1.	Information Technology	126
5.2.	Operations	126
5.3.	Accounting	127
5.4.	Credit Recovery	127
5.5.	Legal	127
6.	Human Capital	128



Company Info

Administration and contact details as at 31 december 2023.

Shareholders: iibGroup Holdings WLL
NB, África, SGPS - S.A.

Executive Board: Francisco Ferreira - CEO
José Soares - COO

Hade Office: Av. Cidade de Lisboa, C.P. 35,
Praia - Santiago
Cabo Verde

Auditors: Ernst & Young Audit & Associates - SROC, S.A.
Branch in Cape Verde
Santa Maria Building - Atlantic Complex Apartment 305 - 3rd floor
Avenida Cidade de Lisboa - Praia - Santiago - Cabo Verde

Key Indicators

Transformation Ratio (%)

35.26%

Net Assets (CVE 000,000)

41,352

Solvency Ratio (%)

49.20%

Cost/Income (%)

28.24%

Capital Return Rate (%)

29.92%

NPLs (%)

0.41%

Impairment/NPLs (%)

173.99%

Employees

46

Post Office

02

Trainees

11

A. Key Indicators

	31.12.2023	31.12.2022	31.12.2021
ACTIVITY (thousands of CVE)			
Net Assets	41 351 896	36 778 787	30 013 984
Customer Credit (gross)	7 378 477	7 317 373	5 482 273
Resources ⁽¹⁾	20 926 707	17 822 555	14 897 845
Financial Margin	954 677	637 827	521 729
Bank Product (BP)	1 098 676	786 299	725 463
Cash-Flow	827 639	492 675	444 249
Net Income	671 191	433 140	337 155
Operation			
Number of Employees	46	43	39
LIQUIDITY			
Resources at the Central Bank (mCVE)	732 516	612 091	830 406
Deposit-to-Credit Ratio (%) ⁽²⁾	35,26	41	37
ASSET QUALITY (%)			
Default rate = Non-performing Loans > 90 days / Customer Credit (gross)	0,41	1,03	1,47
Provision/Non-performing Loans > 90 days	173,99	122,01	125,25
Provision/Client Credit	0,71	1,25	1,85
Cost of Credit Risk ⁽⁴⁾	0,43	0,30	-0,15
PRODUCTIVITY / EFFICIENCY			
Average Assets / Average Number of Employees (mCVE)	877 873	814 546	627 881
Cash Flow/Average Number of Employees (mCVE)	18 599	12 016	11 247
Overhead Costs/Average Assets (%)	0,01	0,88	1,13
Cost-to-Income (%)	28,24	42,39	43,93

(1) Customer resources include liabilities represented by securities.

(2) The turnover ratio is given by the relationship between accounts receivable and customer resources.

B. Income and Profitability

	31.12.2023	31.12.2022	31.12.2021
BALANCE SHEET (thousands of CVE)			
Net Assets (NA)	41 351 896	36 778 787	30 013 984
Financial Assets (FA)	24 554 070	27 380 446	18 537 483
Equity (KP)	2 966 157	2 243 531	1 789 901
PROFIT AND LOSS STATEMENT (thousands of CVE)			
Net Interest Income	954 677	637 827	521 729
+ Non-interest Margin (NIM)	143 999	148 472	203 733
= Gross Income (GI)	1 098 676	786 299	725 462
- Operating Costs (OC)	310 319	333 276	318 675
=Gross Profit (GP)	788 357	453 023	406 787
- Net Provisions for Replacements (NPR)	20 138	(33 867)	(13 775)
= Profit Before Taxes (PBT)	768 219	486 890	420 562
- Taxes (T)	(97 028)	(53 750)	(83 408)
= Net Income (NI)	671 191	433 140	337 154
PROFITABILITY (%)			
Net Interest Margin (RF/AF)	3,89	2,33	2,81
Business Margin (PB/AF)	4,47	2,87	3,91
- Operating Costs Relevance (CO/AF)	1,26	1,22	1,72
- Provisions Relevance (PV/AF)	0,08	(0,12)	(0,07)
= Return on Financial Assets (RL/AF)	3,52	1,97	2,72
x Relevance of Financial Assets (AF/AL)	59%	74%	62%
= Return on Assets "ROA" (RL/AL)	1,62	1,18	1,12
x Asset Utilization Ratio (AL/KP)	1394%	1639%	1677%
= Return on Equity "ROE" (RL/KP)	29,92	24,20	22,59

Management Team



Francisco Ferreira with 15 years of experience in international trade and financial management, has been leading iibCV since 2020, focusing on connecting Cape Verde and West Africa to the global economy. Under his leadership, iibCV has distinguished itself for its performance, attainment of international certifications, ESG practices, and promotion of the capital market in Cabo Verde.

José Soares brings over 20 years of experience in banking and financial services, including stints at the Big4 (PwC) as an auditor for 7 years and as Director of Internal Audit at the Central Bank of Cabo Verde.

He spearheaded the opening of banking institutions such as Banco Espírito Santo, S.A. and Banco Internacional de Cabo Verde, where he served as Chief Financial Officer.



I. Management Report

1. Message from the Executive Board

Dear Customers, Employees and other Stakeholders,

The consolidation of the business model implemented between 2020-2022 was extended to 2023 thanks to the shareholding context, resulting in unparalleled results, with this year being the institution's third consecutive year of record performance.

As presented in the previous financial year, The strategy developed and subsequently implemented was based on a corporate identity and common work culture, reflected in a substantive change in the governance model, adopting a fluid organizational structure that tends to be horizontal rather than traditional and hierarchical, based on open communication premisses that support transparent and participatory management forums.

The sustainable results demonstrate the merits of the bank's positioning and business model, including high solvency levels, a high return on assets and equity, high liquidity levels and a low loss ratio in the loan portfolio.

Throughout 2023, the institution remained true to its ambition of being the international bank that knows Cabo Verde best. We began carrying out our activities adopting a “from where we are to the world” perspective, while remaining committed to the development of Human Capital as our main distinguishing factor. We continue to see our People, predominantly young professionals, taking on Leadership roles and asserting themselves through the Value of their dedication and work, developing more skills, knowledge and experience, so that the team can continue to support the position of a major economic player, with the capacity to do “what hasn't been done yet” and thus be able to translate more and better value - “Being Different, to Make a Difference.”

We've continued to grow, having achieved a 12% increase in total assets, supported by an even more stable and diversified financing structure, which corresponds to an asset composition capable of offering a higher risk-adjusted return, both in absolute and relative terms in relation to comparables, reflected in a CVE 671 million net profit, 50% up on the previous year, translating into a Return on Assets and on Equity of 1.62% and 30%, respectively. This result is particularly important because it is backed up by high solvency and liquidity levels, which stood at 49% (CET1) and 389% (LCR), extremely comfortable levels for continuing to develop the institution going forward, as well as a low loss ratio in the loan portfolio, which continues to grow steadily but prudently, reflected

in the low loss ratio (0.41%), based on proactive portfolio management, which is expected to continue to ensure unique customer monitoring, a decisive factor in recovering non-performing loans.

Thus, for the third year running, we can say that “This fiscal year was, therefore, the best ever in the organization's history!”

In a bid to continuously improve, following the alignment of our Sustainability and Social Responsibility Policy with the United Nations (“UN”) Sustainable Development Goals, we were the first financial institution in Cabo Verde to join the UN Global Compact, and we are currently involved in the Fast Forward program to further accelerate our initiatives and their results.

In this 4-year period, through relevant cooperation with the most diverse and honorable institutions, which, with principles and values that are compatible with ours, dedicate themselves to such excellent causes, we have managed to touch approximately 70,000 lives.

We remain the most active and innovative player in the capital market, having been given the following distinctions by the Cabo Verde Stock Exchange: (i) Innovation in the Capital Market 2022, (ii) Issuer 2022, (iii) Gold Broker Operator 2022, (iv) Stock Operator 2022 - Primary Market (Overall), Stock Operator 2022 - Primary Market (Corporate and Municipal), as well as having issued the first public Blue and Green Bond in Cabo Verde, with the participation of the United Nations Development Program (“UNDP”) and the Joint SDG Fund, called “iib Marine and Ocean-based Blue Bond” and “iib Renewable and Energy-Efficiency Green Bond,” as well as the second series of “Credit Linked Notes - iib PRAE - Program for Restructuring and Supporting the Economy.”

The results achieved over the last four years now offer a range of possibilities for shareholders and the most important stakeholders, with iibCV boasting a structure capable of seeking growth from asset origination given its extremely high liquidity and solvency position, going public with a view to joining forces with strategic shareholding partners who share the same vision, principles and values, to develop new projects relating to mergers and acquisitions and even potential geographical expansions, given the accommodating position of its structure and size of the capital accumulated in recent years, among other possibilities, which, based on the work of a focused and dedicated team, have been designed to allow for new possible horizons going forward.



These goals are to be pursued with a view to a new management approach, in order to lead the institution to the new challenges and opportunities that the future may bring.

Thank you very much!

The Executive Board,

Two handwritten signatures in black ink. The first signature is on the left and the second is on the right, both appearing to be stylized and somewhat illegible.

2. The Bank

international investment bank, S.A. (iibCV), started operating in the Cabo Verdean market in July 2010, as a financial subsidiary fully owned by NB, África, SGPS - S.A., in Portugal.

On July 11, 2018, as part of its acquisition strategy, iibGroup Holding WLL (“iibGroup”) acquired 90% of the Bank's capital, with Novo Banco remaining as a reference shareholder over the remaining capital, as well as a privileged institutional correspondent.

Currently made up of a team of young, motivated and distinguished professionals, iibCV has the ambition of becoming a leading bank in attracting talent, valuing human capital and in capturing and generating value arising from economic and financial flows from Financial Institutions, Companies and Individuals established between Cabo Verde and the West African region, with the global economy.

2.1. Share Capital and Shareholder Structure

international investment bank, S.A. (iibCV), has a share capital of CVE 1,433,000,000 (one billion, four hundred and thirty-three million escudos), represented by 1,433,000 shares, with a par value of CVE 1,000 (one thousand escudos) each.

The current composition of the institution's shareholder structure is as follows:

Shareholder Structure

(Figures in thousands of escudos)

Description	No. of Shares	Amount	%
IIBG HOLDINGS WLL	1 289 700	1 289 700 000	90.00%
NB, África, SGPS - S.A.	143 300	143 300 000	10.00%
Total	1 433 000	1 433 000 000	100%

Note: NB, Africa, SGPS – S.A. is an entity 100% owned by Novo Banco, S.A. (Portugal)

2.2. Governing Bodies

The by-laws of international investment bank (iibCV) provide for a corporate governance structure that includes a number of bodies with specific responsibilities, namely the General Meeting, Executive Board, Executive Committee and Fiscal Committee. The composition of each body is, therefore, as follows:

General Meeting

Chairman

José Luís Andrade

Secretary

Dina Haikel

Executive Board

The Executive Board is composed of seven members, five permanent and two alternate members.

Chairman

Sohail Sultan

Members

Francisco José Mairós Ferreira

José Alberto Monteiro Soares

Sérgio Miguel Alves Martinho (until June 30th)

Syed Khurshid Husain

Filipe Pedro Martin Ferreira

Erda Gercek

Executive Committee

The Executive Committee is composed of three members.

Chairman

Francisco José Mairós Ferreira

Members

José Alberto Monteiro Soares

Sérgio Miguel Alves Martinho (until June 30th)

Fiscal Committee

The Fiscal Committee is composed of five members, three permanent and two alternate members.



Chairman

Ildo Adalberto Lima – Presidente

Members

Eunéria Sousa Freitas

Nair Cecília Pereira da Silva

Alternates

Alexandre Elísio Moreno Ferreira Querido

Afrodite Leocádia de Sousa Reis Borges Monteiro

2.3. Organizational Structure

libCV's operations are supported by thirteen (13) departments, two of which are business areas that, across the board, deal with the daily management of each of the activities that make up its structure. Two strategically located Branches and a Service Station support the Bank's entire network of customers, nationally and internationally.

Departments and Central Services

Financial & Asset and Liability Management	Aïcha Correia
Human Capital	Leida Semedo
Overall Risk	Elsa Almada
Information Technology	Hugo Rocha
Credit Recovery	Carla Melício
Accounting	Lenira Monteiro
Compliance	Karin Barros
Operations	Leila Carvalho
Internal Audit	Edson Reis
Legal	Djasmin Ferreira
Management Control	Hermann Tavares
Marketing	Nelson Leocádio

Commercial Department

Corporate South	Giselle Tolentino
Corporate North	Naldina Lima
Private	Félix Gomes
Praia Branch	Jailson Frederico
Sal Branch	Naldina Lima
Mindelo Service Station	Naldina Lima

2.4. Geographical Presence, Distribution Network and Facilities

has its registered office at Av. Cidade de Lisboa, Praia, the country's capital, where its central services and Head Office business unit operate. In addition to the business unit on Santiago Island, it also has a second unit on Sal Island.

The Bank now also operates physically in São Vicente, through the concept of Service Stations, focusing on intensifying the Bank's presence in the country and disseminating the offer of unique products and services that iibCV has in its portfolio.

2.5. Human Capital and Social Responsibility

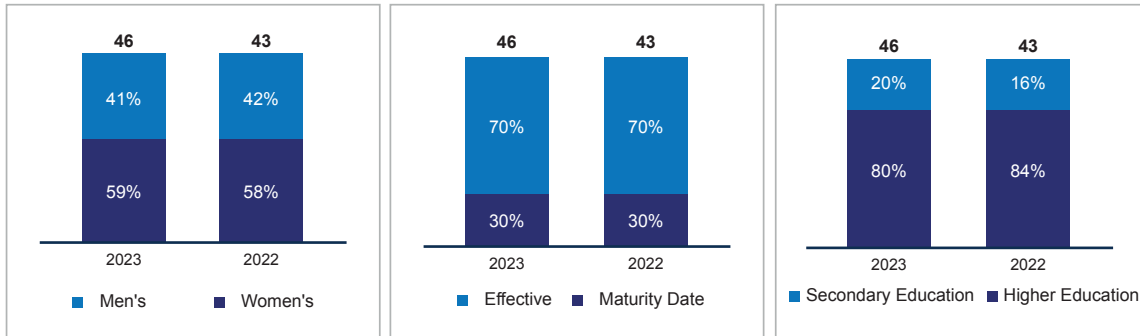
2.5.1. Human Capital

Human capital management is one of the fundamental pillars of iibCV's management, insofar as its employees, in various roles and levels of responsibility, are the critical factor for its success.

iibCV's primary goal is to be the best bank for its people and to have professionals who are committed and capable of providing the best service to society, customers and shareholders. For the third year running, iibCV's commitment to excellence in the workplace was recognized by its employees through an anonymous survey conducted by an independent company, having been distinguished as a Great Place to Work. The commitment to maintaining this certification is reflected in iibCV's constant dedication to well-being, inclusion and promoting the active participation of its employees. This proactive approach has resulted in the certification being renewed, reaching a remarkable 98% satisfaction rate in 2023, compared to 93% in 2022 and 85% in 2021.

In terms of Training and Development, more than 1,000 hours of training were provided in 2023 (2022: 800 hours), both online and in person, benefiting all departments and contributing to better develop the individual and collective skills of the Bank's employees. The Bank is committed to continuous training for its staff, with the aim of consolidating the foundations for a highly qualified team that is adaptable and ready to face the challenges of the banking sector with excellence.

Human Resources Structure as at 12-31-2023 and 12-31-2022



2.5.2. Sustainability and Social Responsibility

The Sustainability and Social Responsibility Policy was initiated in 2020, under the motto "6 months, 6 causes," with the direct participation of employees in determining and indicating social projects to be benefited.

In 2023, the Bank issued its first sustainability and social responsibility report relating to 2022, which is now available on the Bank's website. This initiative aims to inform stakeholders about the actions undertaken by the Bank and the positive impact they have had on people's lives.

In 2023, the Bank continued to step up its commitment to its sustainability and social responsibility policy, issuing two sustainable bonds, – Blue Bonds and Green Bonds, – adding to the first sustainable issue, Social Bonds, which were issued in 2022 and whose impact report is available on the Bank's website.

The Bank joined the United Nations Global Compact, an international initiative that urges companies to adopt universal principles in the areas of human rights, labor, the environment and anti-corruption. They commit to incorporating these principles into their daily operations, promoting responsible business practices and contributing to a more sustainable and equitable world.

As part of this engagement, the Bank participates in the SDG Ambition program, an initiative devoted to driving progress towards the United Nations Sustainable Development Goals (SDGs). This participation demonstrates the Bank's firm



commitment to aligning its strategies with global efforts to address society's most pressing challenges.

It is important to note that the Bank aims to stand out as a sustainable financial institution, committed to all its stakeholders. This commitment is reflected not only in its actions, but also in its transparency and accountability, thus reinforcing its position as a socially responsible bank.

Relevant Facts



*Issue of the 1st Derivative
CREDIT LINKED NOTES*



*MoU - Angolan
Securities Exchange*



*Academic Excellence
Incentive Program
(2nd Edition)*



*Stock Exchange
Awards 2022*



*iib Blue Bonds Dual Listing
Luxembourg Sustainable
Stock Exchange*



*Great Place To Work
Certified 2023*

Relevant Facts



*ISO 31000:2018
Certification*



*MoU - University Hospital
Agostinho Neto (HUAN)*



*Adherence to the
United Nations Global
Compact Principles*



Business Breakfast iib



*iib Green Bonds
iib Renewable and Energy
Efficiency Green Bond*



*iibCV partnership with BVC
3rd edition of the Stock
Exchange Tournament*

3. Economic Environment 2023

3.1. International Environment

The International Monetary Fund (IMF) revised its global growth forecasts for 2023 upwards, adjusting them from 2.9% to 3.1%. Despite the slight improvement, this figure remains below the 3.4% seen in 2022. The global economy was impacted by several factors, including the war in Ukraine and central banks raising interest rates. However, the unexpected reopening of the Chinese economy boosted global growth, mitigating the negative effects of the other events. Global inflation rose to 8.8% in 2022, a worrying figure. The IMF forecasts a moderation to 6.6% in 2023, indicating a possible downward trend. Despite the slowdown in growth, the risks of a global recession seem to have diminished, providing a more optimistic scenario.

The IMF anticipates moderate global growth in the coming years, with estimates of 2.4% in 2024, 2.7% in 2025 and 2.9% in 2026. Advanced economies are expected to show slower growth, with projections of 1.2% in 2023 and 1.4% in 2024. The United States (US) and the Eurozone are examples of advanced economies that are expected to grow at a more moderate pace. The US is expected to grow by 1.4% in 2023 and 1% in 2024, while the Eurozone is expected to grow by 0.7% in 2023 and 1.6% in 2024. China, on the other hand, is expected to show more robust growth, with projections of 5.2% in 2023 and 4.5% in 2024, driven by its economic reopening.

Global inflation is expected to decline, with the IMF predicting a drop to 4.3% in 2024. Despite the moderation, this figure is still above pre-pandemic levels (around 3.5%). Risks persist, such as the possibility of a global recession, intensification of the war in Ukraine, a liquidity shortage in the global market, and the impact of rising interest rates on banks. The slowdown in the Chinese economy is also a factor to be monitored and could have negative repercussions on the global economy.

The outlook for the global economy in 2024-2026 is moderate, but still quite uncertain, with slow growth and declining inflation expected. Despite the challenges, China's reopening and moderating inflation are positive factors that could contribute to a more favorable outlook. It is important to keep a close eye on the main economic indicators and geopolitical events in order to better understand trends and make strategic decisions.

In 2023, financial markets were marked by volatility and divergence. The main developed stock markets, such as the S&P 500 and EuroStoxx, recorded negative returns, impacted by the war in Ukraine, the global energy crisis and rising interest rates. The S&P 500 fell by around 10%, while the EuroStoxx fell by around 13%. On the other hand, emerging markets, such as the MSCI Emerging Markets, performed more resiliently, with a positive return of around 5%.

The bond market also faced difficulties in 2023. Rising interest rates put pressure on bond prices in the sovereign and corporate markets. In the sovereign markets, the difference in performance between developed and emerging countries was significant. Investment grade bonds from developed countries, such as the United States and Germany, suffered smaller losses, while high yield bonds from emerging countries fell more sharply. In the corporate market, companies with lower ratings were the most affected by the rise in interest rates.

The outlook for the financial markets in 2024 is one of cautious optimism. The war in Ukraine and the global energy crisis continue to be risk factors, but the reopening of the Chinese economy and moderating inflation may provide some relief. Interest rates are expected to continue to rise, but at a slower pace. The money market showed positive returns reflecting the rise in interest rates in the main developed markets, which was significantly reflected in the results of banks in the United States and Europe.

The presidential election in the United States in 2024 could have a significant impact on the global stage. The outcome of the election could influence the country's economic and international policies, with consequences for global trade, international relations and geopolitics:

- Economic policy: The president-elect's economic policies could influence global economic growth, international trade and the stability of financial markets.
- International relations: The outcome of the election could influence the United States' relations with other countries, impacting global geopolitics and international security.
- Fighting climate change: The United States' commitment to combating climate change could be influenced by the outcome of the election, with consequences for the planet as a whole.

3.2. Domestic Environment

The World Bank's forecast for growth in 2023 was revised downwards from 4% to 3.5%, reflecting the impact of the war in Ukraine and the severe drought affecting the country. Growth of 4.2% is forecast for 2024, assuming the normalization of the international situation and the implementation of some structural reforms.

For 2024, Cabo Verde is expected to grow by 4.2%, above the global average. The main drivers of growth will be tourism recovery, public investment in infrastructure and structural reforms. In 2025, a 4.5% growth is expected, supported by the consolidation of the recovery in tourism, an increase in private investment and diversification of the economy. Global economic growth is expected to stabilize in 2026. In that year, Cabo Verde is expected to grow by 4.8%, driven by tourism growth, new investment projects and an improved business environment.

The inflation rate reached 8.2% in December 2023, the highest since 2009. Rising prices for fuel, food and other imported goods are mainly responsible for this scenario. Cabo Verde's Central Bank (BCV) has increased the reference interest rate to combat inflation, but the impact is still limited, given that Cabo Verde is an economy that is especially fragile to external shocks, such as imported inflation, which represents a worrying problem, given that the effects on the price of the products that make up families' food basket will aggravate food insecurity in the country.

Globally, inflation is expected to remain high in 2024, but to slow down towards the end of the year. The main causes of global inflation are rising fuel and food prices and problems in supply chains. In Cabo Verde, inflation is expected to be around 7% in 2024, due to imported inflation and prolonged drought.

By 2025, overall inflation is expected to continue to slow, standing at around 5% in Cabo Verde. In 2026, global inflation is expected to return to pre-pandemic levels, with Cabo Verde reporting inflation of around 4%.

The fiscal deficit in 2023 is expected to reach 8.5% of GDP, driven by increased current spending in response to the war in Ukraine, the prolonged drought and the global food crisis.

In the medium term, private consumption, investment in tourism and the blue economy are expected to support economic growth. In turn, structural reforms, such as digitizing the economy, improving the business environment and diversifying the economy, will be essential to ensure a solid foundation for sustainable growth in the long term.

4. Summary of Activities

4.1. Business Strategy and Model

By implementing an organizational culture based on continuous development, iibCV saw an improvement in the vast majority of Key Activity Indicators, becoming a solid organization, one that is conveniently prepared to face the most demanding challenges, as well as economic, competitiveness and market constraints.

The implementation of the strategy undertaken will continue to aim at efficiently addressing the challenging limitations prevailing in the surrounding context, with emphasis on continuously strengthening organizational capabilities in terms of internal control and management; growing number of customers and resources in core business segments with the greatest competitive advantage; the quality of asset allocation with the Bank's consolidation as one of the economy's main incremental funders; increasing and improving execution and processing capacity; increasing available liquidity levels and monitoring capital levels that are substantially different from comparable and regulatory minimum levels; continuing to make record investment in the training of our Human Capital; and, not least, continuing to contribute to the community we are a part of, through concrete actions that reflect our Sustainability and Social Responsibility Policy.



4.2. Summary of Activities

FY 2023 was an outstanding year for iibCV, in which it recorded a notable growth in its balance sheet (+12%), without incorporating an increase (to be considered) in the value of risk-weighted assets, while at the same time it managed to significantly increase profitability, reflected in the 55% increase in net income (2023: CVE 671 million).

The efficiency (28.24%), profitability (30%), and solvency (49.2%) indicators reflect a meritoriously solid operating structure, which embodies comfort, especially appreciated by our stakeholders, given the uncertainty and high perceived risk in the market.



The performance of the iibCV team translated into a 40% increase in banking income, through increased training in liability and asset management, using a holistic approach focused on generating adequate levels of risk-adjusted return, along with the development of business segments that aim to generate noninterest income. As a contributing variable, net interest income grew by 50% and saw its share compared to noninterest income increase by 72% of banking income in 2022, showing solid revenue sources.

The loan portfolio volume reached CVE 7.38 billion, with the non-performing loan (NPL) ratio falling significantly to 0.41%, through a continuous proximity and customer behavior monitoring approach, along with a comfortable recognition of the 173.99% expected loss (impairment) of NPLs, which provides an accommodative framework in view of a potential deterioration of future macroeconomic conditions.

Keeping the focus on people, iibCV remained strongly committed to training, with more than 1000 hours taught, while at the same time reiterating its commitment to the community, formalizing its Sustainability and Social Responsibility Policy and the actions resulting from it, which is a crucial component of an institutional identity that is now inseparable from us.

Thus, 2023 was a year of unprecedented achievement of goals, reflecting the will, motivation and dynamism of our people to, through processes based on continuous improvement, build a solid bank, capable of generating more and better value for its customers and other stakeholders.

5. Credit Risk Analysis

5.1. Loan Portfolio

In FY 2023, the Bank carried out its activities while controlling and monitoring credit risk appetite.

The Bank closed the year with a loan portfolio of CVE 7.98 billion, a 4.7% decrease, due to changes in off-balance sheet transactions.

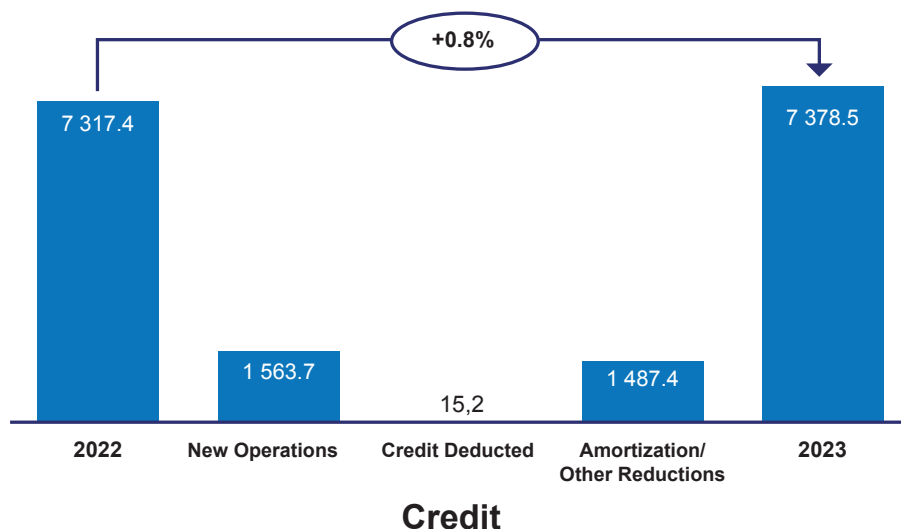
(Figures in thousands of escudos)

	31.12.2023	31.12.2022	Variação
Customer Loans	7 378 477	7 317 373	0,8%
Corporate	6 745 755	6 717 780	0,4%
Individuals	632 722	599 593	5,5%
Off balance sheet	599 666	1 053 213	-43,1%
Total	7 978 143	8 370 586	-4,7%

The following graph shows the annual change in the loan portfolio, in terms of new agreements, amortizations and other changes that occurred during 2023, as well as total loans settled, and the amount written off from the loan portfolio.

Developments in the loan portfolio, per disbursement, from 12-31-2022 to 12-31-2023

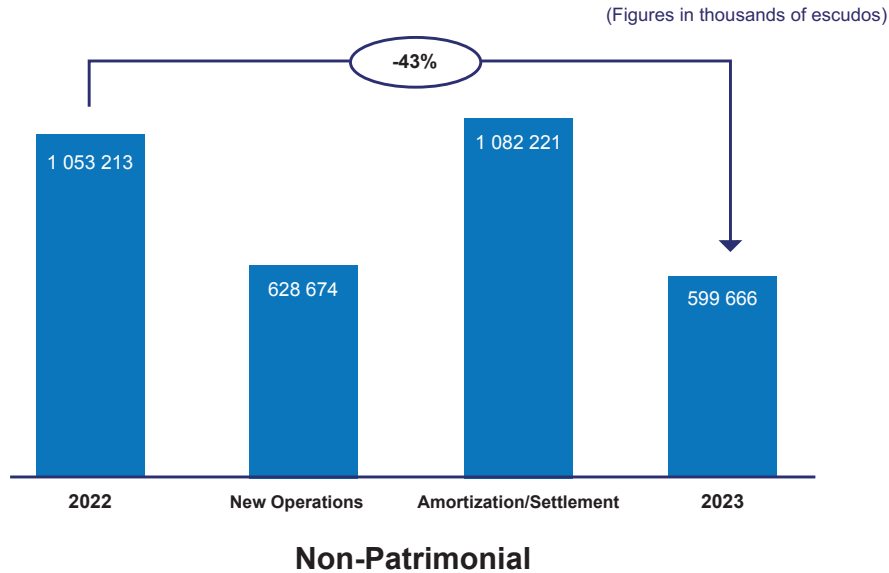
(Figures in thousands of escudos)



In compliance with the regulatory Notice, the Bank wrote off loans totaling CVE 15.2 million, recognizing the effects on the impairment cost for the period.

The amount indicated as a reduction in the loan portfolio was largely due to the early settlement of a number of loans.

Developments in the loan portfolio, per subscription, from 12-31-2022 to 12-31-2023



Off-balance sheet operations (bank guarantees and documentary credit) showed a 43% decrease, due to the fact that there was a larger volume of settlements than new operations.

The table below shows the loan portfolio composition, by operation type and by customer type:

Portfolio distribution by operation type as at 12-31-2023 and as at 12-31-2022

(Figures in thousands of escudos)

	31.12.2023		31.12.2022		Change	
	Amount	%	Amount	%	Δ abs.	% Δ
Corporate	6 745 755	91,4%	6 717 780	91,8%	27 975	0,4%
Medium to long Term Financing	5 280 057	71,6%	5 162 857	70,6%	117 200	2,3%
Short Term Financing	1 142 572	15,5%	1 181 416	16,1%	-38 844	-3,3%
Pledged Current Account/Overdraft	322 987	4,4%	339 359	4,6%	-16 373	-4,8%
Other	139	0,0%	34 148	0,5%	-34 008	-99,6%
Individuals	632 722	9%	599 593	8,2%	33 129	5,5%
Mortgage Loans	561 078	7,6%	555 878	7,6%	5 200	0,9%
Consumer	71 644	1,0%	43 715	0,6%	27 929	63,9%
Loans	7 378 477	92,5%	7 317 373	87%	61 104	0,8%
Off-balance	599 666	7,5%	1 053 213	13%	-453 547	-43,1%
Bank Guarantees	599 666	7,5%	1 037 415	12%	-437 749	-42,2%
Documentary Credit	-	0,0%	15 798	0,2%	-15 798	-100,0%
Total	7 978 143	100,0%	8 370 586	100,0%	-392 443	-4,7%

Overall, most of the loans were given to local economic agents, including state-owned companies, small, medium and large companies and individuals, accounting for a total of 73% of the portfolio.

The main credit counterparties are companies in the Transportation and Communications sector, which together account for the equivalent of 64% of the total loan portfolio. Exposure to concentration and credit risk is mitigated by solid guarantee and collateral instruments.

Loan Portfolio Distribution as at 12-31-2023 and as at 12-31-2022

(Figures in thousands of escudos)

	31.12.2023		31.12.2022	
	Falling due	Overdue	Falling due	Overdue
By segment	4 591 970	2 786 507	7 242 214	75 159
Corporate	3 984 902	2 760 853	6 676 188	41 592
Individuals	607 069	25 654	566 026	33 567
By Activity Sector	4 591 970	2 786 507	7 242 214	75 159
Transportation and Communications	2 207 293	2 500 116	5 267 162	-
Trade and services	1 327 928	7 976	824 194	40 839
Hospitality and food service	258 817	252 761	334 855	555
Construction and Public Works	25 291	-	40 822	197
Industry	165 572	-	209 156	-
Housing	538 422	22 656	522 636	33 242
Consumption	68 647	2 997	43 391	324
By MKaturity	4 591 970	2 786 507	7 242 214	75 159
Medium and long term	3 443 869	2 786 234	6 057 716	40 842
Short-term	1 148 101	273	1 184 499	34 316
loan impairment/portfolio coverage	52 661	2%	91 576	1,25%

Overdue loans include CVE 2.68 billion (96%) corresponding to the maturing portion of loans with a payment delay of less than 90 days, which is therefore not actually overdue.

5.2. Credit Risk Analysis and Management

Credit Risk is the possibility of financial losses arising from default or deterioration in the credit quality of a customer or counterparty, in relation to contractual obligations established with the Bank as part of its lending activities.

Credit risk management is referenced in practices, processes and procedures to identify and measure the risks embedded in individual operations and based on the loan portfolio.

The Risk Management Department is responsible for the entire credit management cycle, including analysis of new operations, review of already granted loans, assessment of new products, monitoring of customers considered to be "high risk," timely identification of customers' financial difficulties, analysis of the impact of the economic environment on portfolio quality, and adequacy and control of guarantees received from

customers, with a view to ensuring adequate and efficient decision-making and preserving loan portfolio quality.

In carrying out the risk control function, the Department ensures the operation of the following principles and determinations:

- Independence of the business areas and Board, especially with regard to analysis and issuance of risk opinions;
- Ensuring that all credit decisions follow a formal approval process;
- Ensuring compliance with Credit Policies and Powers;
- Ensuring the maintenance of the structure and functioning of Committees;
- Enhancing and implementing actions to improve risk control;
- Ensuring a solid, consistent and integrated risk culture in view of all existing risks, in all the Bank's activities;
- Reporting information in a timely manner; and
- Providing training in order to disseminate the risk identification and prevention culture to all areas of the Bank.

The Bank's Risk Governance model involves the participation of the members of the Board of Directors, in making decisions on credit operations. That is, any credit operation must be approved by the credit committee, in which the Executive Committee participates, and then by the other members of the Board of Directors, if applicable:

- a) Credit Committee: responsible for approving loans and monitoring overdue loans;
- b) Executive Committee: periodically monitors credit management activities;
- c) Board of Directors: the highest credit decision-making body.

Decision-making on credit and maximum levels allowed for exposure to credit risk, including counterparty risk, for both the loan and trading/investment portfolios, are established in the credit powers and risk appetite policies.

Risk is measured through quarterly reports, monitoring of compliance with the limits set and the highest risk concentrations, stress tests, and assessment of the impacts of adverse scenarios.

Annually, the Audit and Banking Supervision entities (BCV) carry out independent verification of the Banks' credit processes and Risk Management System, in accordance with international precepts and the regulatory body.

When assessing loan portfolio risk, iibCV examines the quality of counterparties' credit risk, the coverage/collateral of operations (debt recovery capacity), compliance with policies, powers and procedures for approving and contracting credit, credit information and report quality, customer exposure in the overall credit system, credit renegotiation terms, cost of impairment and capital, and qualitative customer information, among other indicators relevant to maintaining portfolio quality.

The Bank recorded a total of CVE 30.27 million (2022: 75.07 million) in non-performing loans (more than 90 days in arrears), which resulted in a non-performing loan ratio of 0.41% (2022: 1.03%).

Age of non-performing loans

(Figures in thousands of escudos)

Years	No. of Customers	Amount	% Accumulated
2019	1	4 178	14%
2020	2	7 108	23%
2021	1	7 152	24%
2022	2	7 508	25%
2023	1	4 322	14%
Total	7	30 267	100%

A significant majority of non-performing loans fall within the period impacted by the Covid-19 pandemic, i.e. between 2020 and mid-2022.

Time distribution of non-performing loans, per product as at 12-31-2023

(Figures in thousands of escudos)

	> 90 dias <= 180 dias		> 180 dias <= 365		> 365 dias		Total	
	Loans	Impairment	Loans	Impairment	Loans	Impairment	Loans	Impairment
Corporate	-	-	-	-	7 508	616	7 508	616
Mortgage	4 322	43	-	-	18 335	183	22 656	227
Consumer	-	-	-	-	103	1	103	1
TOTAL	4 322	43	-	-	25 946	800	30 267	843

Mortgage loans account for 75% of total non-performing loans, with five customers in default. These loans are secured by property mortgages, with an average Loan-to-Value (LTV) ratio of 48%.

Time distribution of non-performing loans, per product as at 12-31-2022

(Figures in thousands of escudos)

	> 90 dias <= 180 dias		> 180 dias <= 365		> 365 dias		Total	
	Loans	Impairment	Loans	Impairment	Loans	Impairment	Loans	Impairment
Corporate	-	-	8 063	821	33 437	30 315	41 500	31 137
Mortgage	-	-	-	-	33 242	356	33 242	356
Consumer	-	-	-	-	324	4	324	4
TOTAL	-	-	8 063	821	67 004	30 676	75 067	31 497

According to Banco de Cabo Verde's Circular Letter no. 195/2018, credit at risk includes loan agreements that are overdue for at least 30 days and restructured loans, which account for about 0.37% (2022: 1.27%) of the gross loan portfolio.

Loan portfolio at risk as at 12-31-2023 and 12-31-2022

(Figures in thousands of escudos)

	Non-performing loans	Restructured loans	Credit at risk 2023	Credit at risk 2022	Variation 2023/2022
Corporate	7 508	8 019	4 146 130	43 055	9530%
Mortgage	22 656	17 397	43 593	47 440	-8%
Consumer	103	1 535	9 737	2 110	362%
Total	30 267	26 951	4 199 460	92 606	4435%
% Global portfolio	0,41%	0,37%	49,62%	1,27%	3807%

This increase in the credit at risk ratio reflects an increase in a single customer's overdue loans, albeit 32 days overdue, which has a significant impact on the risk of the customer's overall exposure.

Loan portfolio quality indicators as at 12-31-2023 and 12-31-2022

(Figures in thousands of escudos)

	31.12.2023	31.12.2022	Δ abs.	Δ %
Customer loans (gross)	7 378 477	7 317 373	61 104	0,8%
Loans written off from assets	208 789	193 462	15 327	7,9%
Overdue loans	30 267	75 057	-44 790	-59,7%
Restructured loans	26 951	27 669	-718	-2,6%
At risk loans	4 199 460	92 606	4 106 855	4434,8%
Loan portfolio impairment	52 661	91 576	-38 915	-42,5%
written off loans/customer loans	2,83%	2,64%		7,03%
Overdue loans/customer loans	0,41%	1,03%		-60,01%
At-risk loans/Customer loans	56,91%	1,27%		4397,23%
Portfolio impairment / Overdue loans	173,99%	122,01%		42,60%
Impairment of the portfolio/credit risk	1,25%	98,89%		-98,73%
Portfolio Coverage (Portfolio Impairment/Customer Credit)	0,71%	1,25%		-42,97%

Every year, the Bank reviews the parameters and variables of the Impairment calculation model, which is computed based on IFRS 9 recommendations and reflected in costs, on a monthly basis, covering all credit and off-balance sheet operations (bank guarantees and documentary credit).

The Bank classifies credit operations based on default risk triggers, resulting in the segmentation of operations/customers into risk classes (Stage 1, Stage 2 and Stage 3).

As a result of credit management processes and policies, the Bank has classified around 43.1% of the total gross loan portfolio in the Performing risk class (Stage 1).

The loans classified as Stage 1 correspond to customers in compliance with payment plans, whose economic analysis does not reflect credit risk degradation in relation to when they were initially granted (initial lending date compared to the current economic analysis).

Loans that fall into arrears (principal and/or interest) are also classified in stage 2, thus impacting that customer's entire exposure. However, once the installments have been settled, stage 2 and 3 customers are given a cure period as a condition for reclassifying the loan to the previous risk class. As a result of this procedure, 56.4% remain in the medium risk class (stage 2).

Assumptions for classification by Stages

(Figures in thousands of euros)

	Stage 1	Stage 2	Stage 3
Assumptions	Regular loans	Restructured loans	Overdue for more than 90 days
		Overdue for more than 30 dias	Bankruptcy/insolvency
		Blocked accounts	Collateral enforcement
		Return/Check usage Blocked	Other
Amount of loans →	3 179 017	4 161 306	38 154
% of portfolio →	43,1%	56,4%	0,5%

Breaking down loan portfolio impairment by risk class shows that Stage 3 customers, accounting for 0.5% of gross loans, generate 3.7% of total impairments.

Impairment in the overall loan portfolio as at 12-31-2023

(Figures in thousands of euros)

	Individual analysis			Collective analysis			Total		
	Credit	Impairment	Coverage	Credit	Impairment	Coverage	Credit	Impairment	Coverage
Credit operations	4 794 488	35 632	0,74%	2 583 990	17 029	0,66%	7 378 477	52 661	0,71%
Stage 1	1 164 842	5 233	0,4%	2 014 175	13 497	0,7%	3 179 017	18 729	0,6%
Stage 2	3 622 271	29 473	0,8%	539 036	2 500	0,5%	4 161 306	31 973	0,8%
Stage 3	7 375	927	12,6%	30 779	1 033	3,4%	38 154	1 959	5,1%
Off-balance	-	-	-	599 666	1 872	0,3%	599 666	1 872	0,3%
Stage 1	-	-	-	364 848	914	0,3%	364 848	914	0,3%
Stage 2	-	-	-	234 817	958	0,4%	234 817	958	0,4%
Stage 3	-	-	-	-	-	-	-	-	-
TOTAL	4 794 488	35 632	0,7%	3 183 655	18 901	0,6%	7 978 143	54 533	0,7%

Along with a substantial reduction in the overdue loans and credit at risk ratios, impairments decreased by CVE 38.9 million, substantially due to the total settlement of some non-performing loan exposures.

Change in loan portfolio impairment as at 12-31-2023

(Figures in thousands of euros)

Segment	Impairment as at 31.12.2022	Impairment as at 31.12.2023			Variation
		Collective analysis	Individual analysis	Total	
Corporate	89 232	16 270	34 597	50 867	(38 365)
Individuals	2 344	759	1 036	1 794	(550)
	91 576	17 029	35 632	52 661	(38 915)

Minimum regulatory provisions are measured in accordance with Banco de Cabo Verde's procedures, as expressed in Notice no. 4/2006, which stipulates the parameters for determining the regulatory provision rates to be applied to each individual exposure.

m = meses

Guarantee Type	Delay range				
	0-6m	6-24m	24-48m	48-78m	>78m
Mortgage for owner-occupied housing	0-6m	6-24m	24-48m	48-78m	>78m
Real mortgage or not for investment	0-6m	6-15m	15-30m	30-60m	>60m
Real and personal	0-3m	3-6m	6-12m	12-24m	>24m
No guarantee	0-1m	1-3m	3-6m	6-12m	>12m
Risk class	A	B	C	D	E
Rate provision	1%	5%	25%	50%	100%

The equivalent of 69% of the loan portfolio is classified in the default risk classes (A) and accounts for 72% of total regulatory provisions. Notwithstanding the age of default, these loans are covered by real guarantees (deposits and property mortgages), awaiting judicial enforcement/recovery.

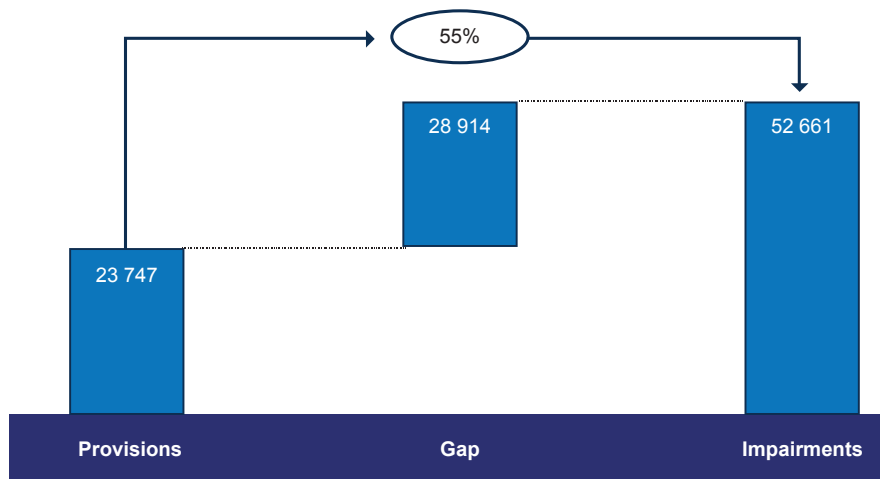
Loan Portfolio Distribution and provisions per risk class, as at 12-31-2023

(Figures in thousands of escudos)

Credit operations	Loan amount	Risk class and % Provisions			Total Provisions	Total Impairment	Difference between impairment and provisions
		A	B-C	D-E			
		1%	[5% -25%]	[50% -100%]			
M/L Term Financing	5 280 057	11 350	300	751	12 401	36 318	23 916
Mortgage loans	561 078	495	3 539	2 089	6 123	477	(5 646)
Other loans	1 537 342	5 188	33	2	5 223	15 866	10 643
Total	7 378 477	17 033	3 873	2 842	23 747	52 661	28 914

Regulatory Provisions versus Impairment

(Figures in thousands of escudos)



6. Analysis of Developments in Activities

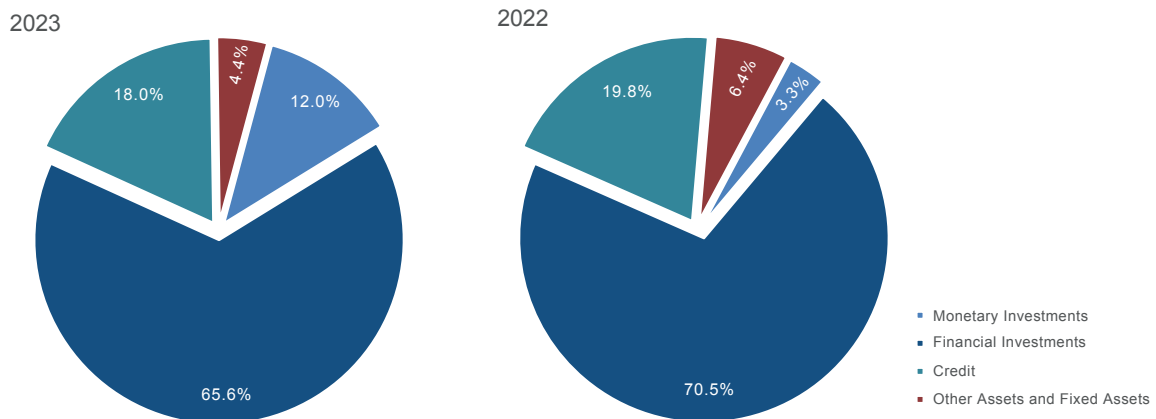
6.1. Balance Sheet

At the end of 2023, the balance sheet of iibCV reached an overall amount of CVE 41.35 billion, which is 12% higher than the CVE 36.78 billion seen at the end of the previous year.

Financial assets and liabilities continue to be predominant in iibCV's balance sheet, with a relative weight of 86% (2022: 94%) and 91% (2022: 92%), respectively, in its composition at the end of 2023.

6.1.1. Assets

Asset Composition



As at December 31, 2023, gross investment in fixed assets amounted to CVE 652 million (2022: CVE 635 million), with accumulated amortization and impairments amounting to CVE 438 million, equivalent to approximately 67% of the value of those same assets.

Overall, the Bank's net fixed assets account for 0.5% of its total net assets, reflecting, in addition to regular amortizations, the effect of impairment recorded in intangible assets (CVE 4.3 million) to cover the risks associated with their valuation at market prices.

Investments in the domestic market, via the acquisition of Treasury securities and Interbank Market operations, are combined with investments made in the international market, namely through investments in financial institutions, which helps to mitigate the various risk categories (interest rate, foreign exchange and liquidity risks).

Remunerated Assets

(Valores expressos em milhares de escudos)

	31.12.2023	31.12.2022
Investments in Other Financial Institutions	7 067 795	11 396 821
Very Short-Term Investments at Banco of Cabo Verde	5 080 000	4 200 000
Short-Term Investments at Banco of Cabo Verde	99 384	-
Gross loans to Clients	7 378 477	7 317 373
Assets under repurchase agreement	1 040 499	1 467 836
Financial Assets at Fair Value through Profit or Loss	3 578 673	-
Financial Assets at Fair Value through Other Comprehensive Income	11 157 434	10 297 730
Total Remunerated Assets⁽¹⁾	35 402 263	34 679 760
Net Assets	41 351 896	36 778 787
Remunerated Assets/Net Assets	86%	94%

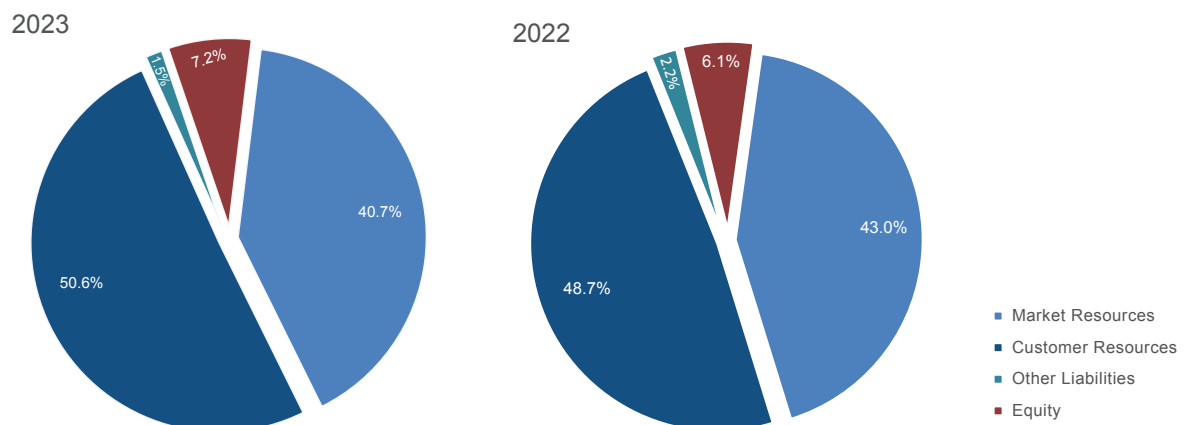
1)Excludes interest and impairments

The portfolio of remunerated assets, or those generating income that can be determined on their contract date (fixed or variable rates) saw a 2% growth.

6.1.2.Liabilities

libCV's liabilities are made up, for the most part, of customer funds, accounting for around 55% of total liabilities, a higher proportion than at the end of 2022 (52%), showing an intense diversification of funding sources.

Financing Structure



Market funds, made up of deposits of other financial institutions and central banks, grew by 7%, accounting for 44% of total liabilities. In absolute terms, the funds of this segment totaled CVE 16.8 billion (2022: CVE 15,8 billion) at the end of 2023, representing growth emphasized by the stabilization of the new business model being implemented.

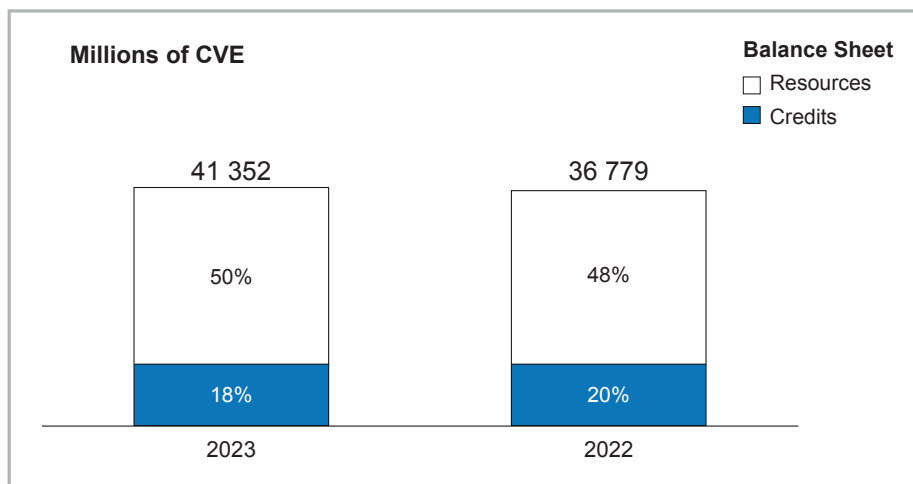
With regard to own funds, note that the Bank closed the year with a net worth of CVE 2.97 billion, equivalent to 7.2% of its funding structure, which is CVE 41.4 billion (2022: 6% of CVE 36.8 billion).

Customer funds enjoyed a substantial growth in 2023, totaling CVE 20.9 billion.

Note that time deposits grew 46% in relation to 2022, accounting for 36% of the overall deposit portfolio. On the other hand, the overall volume of demand deposits remained stable with no significant change. Customer funds, in the form of liabilities represented by securities, amounted to CVE 3.98 billion, as a result of the issue of Bonds during 2023.

Totalling CVE 8.49 billion, non-resident customers' funds rose slightly (+1%), while residents' funds fell by 24%, with a balance of CVE 5.21 billion. Emigrant customers' funds, with a total value of CVE 130 million, fell considerably (-14%). The reductions in resident and emigrant customers' funds were partly due to the increase in liabilities represented by securities.

Customer Activity: Loans and Deposits in the Balance Sheet Structure



7. Income, Financial and Prudential Ratios

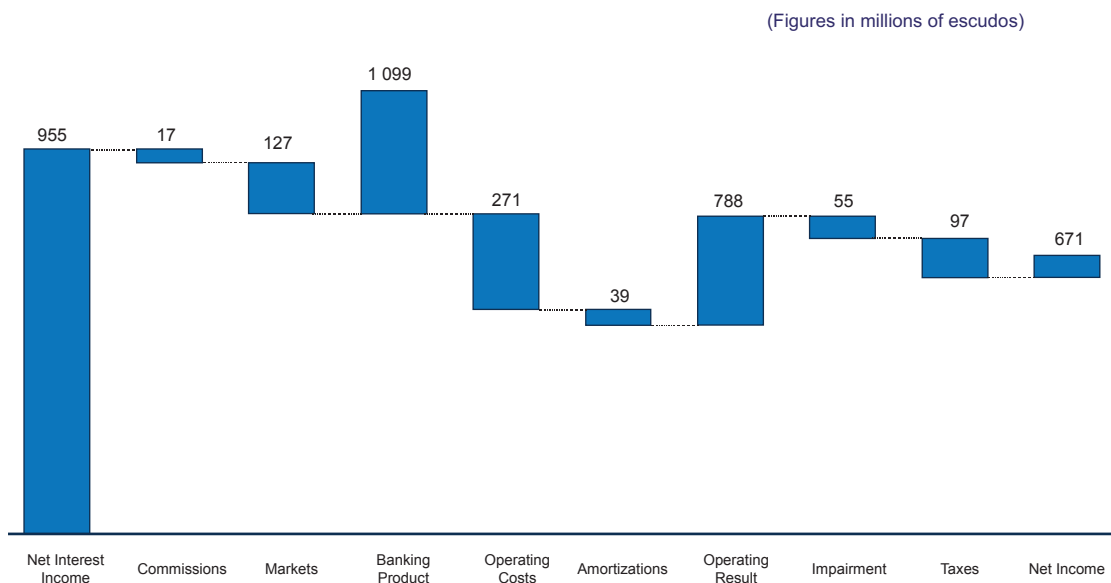
7.1. Income

The impact of the Covid-19 pandemic strained the global economy, forcing all governments to develop measures to speed up the recovery in the post-Covid-19 period, and all sectors of the economy were restricted, having to reinvent themselves so that they could keep operating, in order to maintain jobs and contribute to a return to normality.

iibCV solidified its strategy of proximity and support to the national economy, always seeking to maintain a balance between the quality of its assets and meeting the needs of its customer base.

As a result, the Bank enjoyed significant growth in the vast majority of indicators, compared to the same period in the previous year.

Income Statement as at 12-31-2023



The financial result grew during the year, with the Bank reaching a figure 50% above that of the previous year, due to the fact that growth in interest income was higher than that in interest expense, in absolute terms.

With an approach of proximity to the market, although fee and commission income fell 84% in relation to 2022, Commercial Banking Income stood at CVE 971 million, reflecting a year-over-year growth of 36% (2022: CVE 715 million).

The trend in income from foreign currency transactions and other operating income was in line with current business development, showing a growth of 78% over 2022.

Banking Income amounted to CVE 1.09 billion in 2023, reflecting a relative increase of 40% (2022: CVE 786 million).

Operating Income amounted to CVE 788 million (2022: CVE 453 million), demonstrating the Bank's ability to generate revenue from its direct activities that is above its operating costs, consolidating its sustainability.

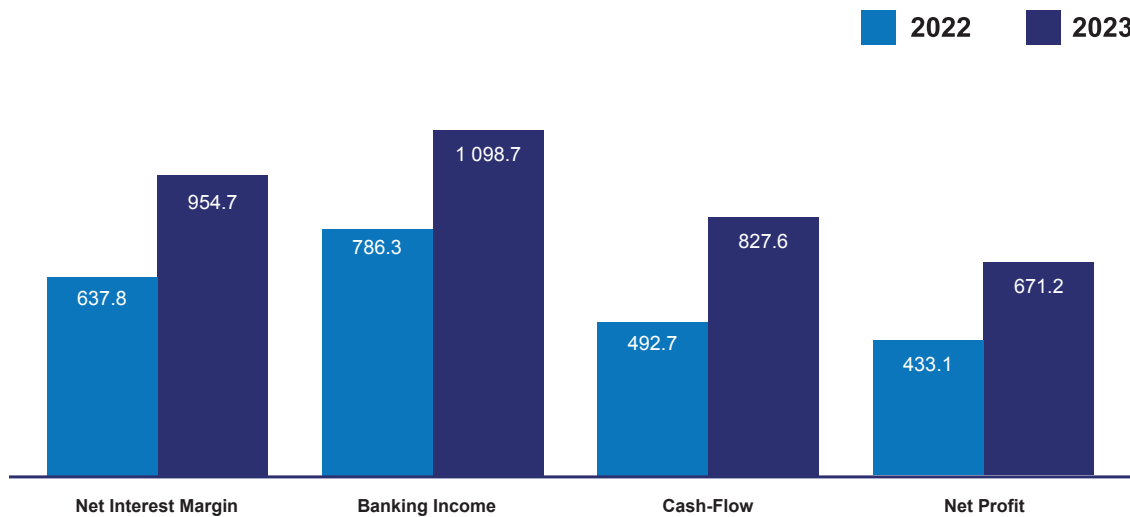
libCV continues to invest in a unique team of employees, with this commitment being reflected in the increase in the number of employees, in line with business growth, leading staff costs to increase by 19%. In turn, administrative costs decreased by around 26%, making a positive contribution to operating income.

Thus, operating costs stood at CVE 310 million, which is 7% lower than in 2022, maintaining the overall structure, where staff costs account for 46% and administrative costs 41%. Depreciation and amortization for the year account for the remaining amount.

Net income for the year amounted to CVE 671 million (2022: CVE 433 million), having been directly impacted by the previously mentioned factors, with a growth of 55%.

Income Indicators as at 12-31-2023

(Figures in millions of escudos)



1.1. Financial Ratios

The financial ratios achieved in 2023 are the result of the strategy implemented, which translated into a significant growth in activities, along with a higher risk-adjusted return.

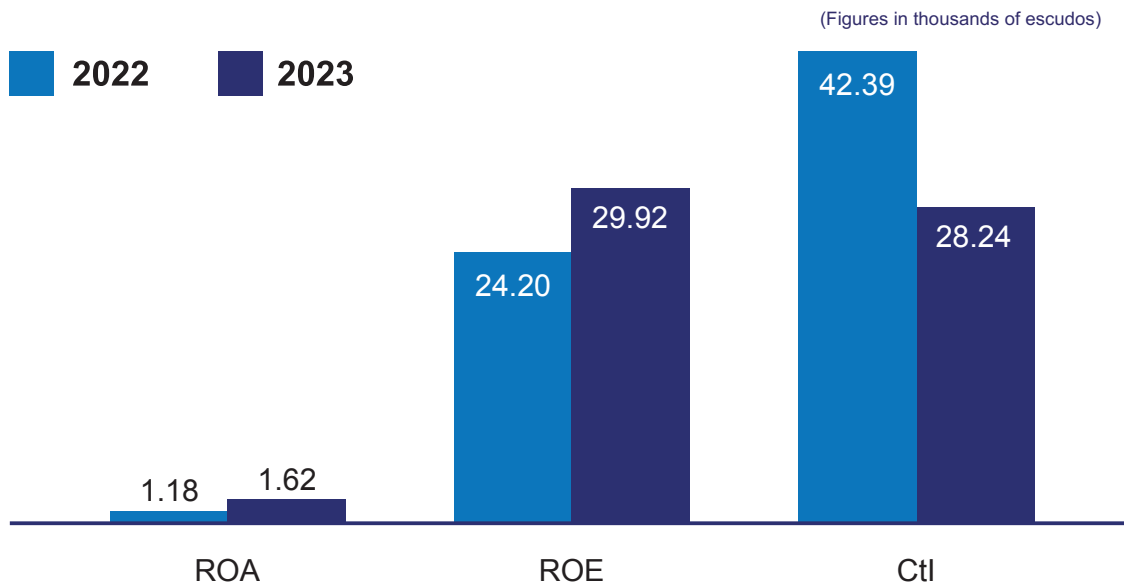
Loan-to-Deposit Ratio

The loan-to-deposit ratio (LtD) was below the figure for the previous year, standing at 36%, as a result of the fact that growth in the customer funds portfolio was above that in the loan portfolio.

Liquidity

The Bank's overall liquidity level is high, favoring the generation of short-term and lower credit risk exposures, especially with a view to supporting the specific needs of the stakeholders' value chain, contributing to the optimization of risk/return in the asset structure.

1.2. Performance Ratios



From the analysis of the financial ratios, a widespread improvement is observed.

Return on Equity (ROE)

Average annual return on equity was 29.92% (2022: 24.20%), reflecting a higher net income than in the previous year.

Return on Assets (ROA)

Average annual return on assets was 1.62% (2022: 1.18%).

Cost-to-Income (Ctl)

The ratio that measures the Bank's efficiency showed an improvement over the previous year, decreasing 14.15 pp. to 28.24% (2022: 42.39%).

7.2. Prudential Ratios

As supervisor and regulator of the national financial system, one of the missions of Banco de Cabo Verde (BCV) is to control financial institutions' risks, regulated in prudential notices and technical instructions whose adoption and implementation are mandatory.

The Bank's primary goal is its economic and financial balance, achieving sustainable growth levels and contributing to financial system stability. In addition to complying with all regulatory requirements, the Bank has been adopting and implementing a number of complementary requirements, with higher levels of demand, based on the international financial system and in line with the best and most recent practices.

Main Prudential Ratios

(Figures in thousands of escudos)

	Min. Limit	31/12/2023	31/12/2022	Variation
Equity	800 000	3 089 840	2 445 162	26%
Fixed Asset Coverage Ratio	100%	735%	1243%	-507,50pp
Government Securities	5%	65%	68,16%	-3,34pp
Solvency Ratio	12%	49,20%	35,82%	13,38pp

Thus, as at December 31, 2023, the Bank's Equity stood at CVE 3.1 billion (2022: CVE 2.45 billion), in compliance with Notice no. 03/2007, dated November 19, which sets out the elements that serve as a basis for calculating Equity, remaining above the minimum required by Banco de Cabo Verde regulations and acting as a buffer for possible banking risks.

In the same vein, Solvency risk was fully covered by Equity, with coverage above 49% (2022: 36%), notably above the legal minimum required for commercial banks (12%), as regulated by Notice no. 04/2007, dated February 25, 2008.

With Equity at a very comfortable level and a portfolio of net investment in tangible fixed assets of CVE 201 million (2022: CVE 197 million), the Bank has a fixed asset coverage ratio of 735%, adjusted in accordance with the technical instruction attached to BCV circular letter no. 238/2023, (2022: 1,243%). Notice no. 11/98, dated December 28, which regulates the limits of the equity to net fixed assets ratio, establishes that a bank's fixed assets must not exceed its equity, that is, that the ratio should not be less than 100%.

8. Final Notes

8.1. Statement of Compliance on the Financial Information presented

The members of the Executive Board of International investment bank, S.A., declare that:

- The financial statements of for the years ended December 31, 2023 and December 31, 2022 were prepared in accordance with International Financial Reporting Standards (IFRS), as set out by Banco de Cabo Verde (BCV) in Notice no. 2/2007, dated February 25, 2008;
- To the best of its knowledge, the financial statements referred to in the previous paragraph provide a true and fair view of the assets and liabilities, the financial situation and the results of international investment bank S.A. (iibCV), in accordance with the aforementioned Standards, and were subject to approval at the Board of Directors' meeting held on April 12, 2024;
- The management report sets out the developments in the business, performance and financial position of in FY 2023, and contains a description of the expected evolution of the company.

8.2. Proposed Appropriation of Profits

Pursuant to its statutory powers, the Executive Board of proposes to the General Meeting that the Income for the Year, profit amounting to CVE 671,190,598 (Six hundred and seventy-one million, one hundred and ninety thousand, five hundred and ninety-eight escudos), be allocated as follows:

(Figures in thousands of escudos)

	<u>31.12.2023</u>	<u>31.12.2022</u>
Legal Reserve (10%)	67 119	43 314
Other Reserves (90%)	604 072	389 826
Total	<u>671 191</u>	<u>433 140</u>



8.3. Acknowledgements

We, the Board of Directors of express our gratitude to our Customers for the trust and loyalty shown over more than 13 years of operations.

We also take this opportunity to say a special thank you to the Regulator, the Authorities in general, and our suppliers.

To our Employees, a special thank you for your resilience, total commitment, loyalty and dedication to the growth and proper functioning of our institution.

Praia, April 12, 2024

The Executive Board of , international investment bank, S.A. (iibCV)

Two handwritten signatures in black ink. The first signature is on the left and the second is on the right, both appearing to be stylized and illegible.

II. Financial Statements and Notes to the Accounts

1. Financial Statements

Income Statement for the Years ended December 31, 2023 and 2022

(Figures in thousands of escudos)

	Notes	31.12.2023	31.12.2022
Interests and similar income	5	1 358 731	934 464
Interests and similar expenses	6	(404 053)	(296 637)
Financial Margin		954 677	637 827
Services and commissions income	7	173 467	94 378
Services and commissions expenses	7	(156 363)	(17 008)
Foreign exchange revaluation income	8	179 983	36 545
Other operational result	9	(53 088)	34 556
Banking Income		1 098 676	786 299
Costs with personnel	10	(143 167)	(120 440)
Administrative costs	11	(127 871)	(173 184)
Depreciation and amortisation	19 & 20	(39 282)	(39 652)
Provisions net of annulments	26	(74 946)	893
Loan Impairment net of reversals and recoveries	17	39 104	(11 760)
Other financial assets impairment net of reversals and recoverie	18	(1 946)	38
Other assets impairment net of reversals and recoveries	19, 20 & 22	17 650	44 696
Income before taxes		768 219	486 890
Taxes		(97 028)	(53 750)
Current	21	(88 271)	(27 401)
Deferred	21	(8 757)	(26349,0)
Income after taxes		671 191	433 140
Net Income for the year		671 191	433 140

The notes are an integral part of these financial statements

The Executive Committee



The Certified Accountant



Statement of Comprehensive Income for the Years ended December 31, 2023 and 2022

(Figures in thousands of escudos)

	31.12.2023	31.12.2022
Net income for the year	671 191	433 140
Changes to fair value net of taxes	51 435	20 491
Total of comprehensive income for the year	722 626	453 631

- (1) The balance recorded under comprehensive income refers to items that may be reclassified to profit or loss. The notes are an integral part of these financial statements.

The Executive Committee



The Certified Accountant



Balance sheet as at December 31, 2023 and 2022

(Figures in thousands of escudos)

	Notes	31.12.2023	31.12.2022
Assets			
Cash and deposits with central banks	12	817 943	778 165
Deposits with other credit institutions	13	4 160 069	448 945
Financial Assets held for trading		70 000	901
Financial Assets at fair value through profit or loss	14	3 608 086	-
Financial assets at fair value through other comprehensive income	15	11 167 887	10 300 706
Placements with credit institutions	16	12 272 993	15 607 800
Loan to customers (net)	17	7 431 368	7 267 348
Assets under repurchase agreement	18	1 043 190	1 471 039
Other tangible assets	19	198 718	222 208
Intangible assets	20	12 328	3 700
Current tax assets	21	68 102	40 654
Deferred tax assets	21	5 612	20 494
Other assets	22	495 600	616 827
Total of Assets		41 351 896	36 778 787
Liabilities			
Funds with central banks	23	10 110 108	9 492 215
Funds with other credit institutions	23	6 731 151	6 319 241
Customer funds and other borrowings	24	16 946 025	14 997 695
Liabilities represented by securities	25	3 980 682	2 911 611
Provisions	26	77 208	2 263
Current tax liabilities	21	120 425	23 854
Subordinated liabilities	25	234 025	233 131
Other liabilities	27	186 115	555 246
Total of Liabilities		38 385 739	34 535 256
Share Capital	28	1 433 000	1 433 000
Revaluation reserves	29	82 218	30 783
Other reserves and retained earnings	30	779 749	346 609
Net Income		671 191	433 140
Total of Equity		2 966 157	2 243 531
Total of Equity and Liabilities		41 351 896	36 778 787

The notes are an integral part of these financial statements

The Executive Committee



The Certified Accountant



Statement of Changes in Equity for the Years ended December 31, 2023 and 2022

(Figures in thousands of escudos)

	Share Capital	Other Reserves and Retained Earnings	Fair value reserve	Net Income for the Year	Total of Equity
Balance on 1 January 2022	1 433 000	9 454	10 292	337 155	1 789 901
Transfer of Previous Net Income:	-	337 155	-	(337 155)	-
Legal reserve	-	33 716	-	(33 716)	-
Transited results	-	303 440	-	(303 440)	-
Comprehensive income	-	-	20 491	433 140	453 630
Fair value change	-	-	14 235	-	14 235
Taxes related to Fair Value Changes	-	-	6 256	-	6 256
Net Income for the Year	-	-	-	433 140	433 140
Balance on 31 December 2022	1 433 000	346 609	30 783	433 140	2 243 531
Balance on 1 January 2022	1 433 000	346 609	30 783	433 140	2 243 531
Transfer of Previous Net Income:	-	433 140	-	(433 140)	-
Legal reserve	-	43 314	-	(43 314)	-
Transited results	-	389 826	-	(389 826)	-
Comprehensive income	-	-	51 435	671 191	722 626
Fair value change	-	-	27 970	-	27 970
Taxes related to Fair Value Changes	-	-	23 465	-	23 465
Net Income for the Year	-	-	-	671 191	671 191
Balance on 31 December 2023	1 433 000	779 749	82 218	671 191	2 966 157

The notes are an integral part of these financial statements

The Executive Committee



The Certified Accountant



Statement of Cash Flows for the Years ended December 31, 2023 and 2022

(Figures in thousands of escudos)

	31.12.2023	31.12.2022
Operational Activities		
Interests, commissions and other earnings received	1 475 285	977 888
Interests, commissions and other costs paid	(451 998)	(262 400)
Other operational payments and receipts	(53 088)	34 556
Payments to employees and suppliers	(273 038)	(325 920)
Income tax payments	(27 906)	(69 979)
Net cash flow arising from operational result before change in operational funds	669 254	319 589
(Increases) Decrease of operational assets		
Financial assets at fair value through other comprehensive income	(4 045 370)	(3 327 481)
Placements with credit institutions	-	-
Loan to customers	(97 707)	(1 844 836)
Other assets	131 011	(87 021)
Increases (Decrease) of operational liabilities		
Funds of Central Banks and other credit institutions	959 176	2 753 589
Customer funds	1 928 280	15 710
Liabilities represented by securities	1 063 670	2 909 000
Other liabilities	(349 466)	680 441
Net cash flow arising from operational activities	(410 406)	1 099 402
Investment Activities		
Acquisition of intangible assets	(11 348)	(744)
Acquisition of tangible assets	(9 823)	(55 622)
Cash flow arising from investment activities	(21 170)	(56 367)
Financing Activities		
Subscription of capital	-	-
Cash flow arising from financing activities	-	-
Net change of Cash and cash equivalents	237 678	1 362 624
Cash and cash equivalents at the start of the period	16 835 124	15 435 955
Effects of foreign exchange differences in cash and cash equivalents	179 983	36 545
Cash and cash equivalents at the end of the period	17 252 784	16 835 124
Cash and cash equivalents comprises:		
Cash	85 035	166 063
Deposits with Central Banks	732 516	612 091
Placements and Deposits with other credit institutions(1)	16 435 234	16 056 970
Total	17 252 784	16 835 124

(1) Includes cash and investments with maturity of up to three months

The notes are an integral part of these financial statements

The Executive Committee



The Certified Accountant



2. Notes to the Financial Statements for the year ended December 31 2023

NOTE 1: Activities

is a commercial bank with a registered office in Praia that was opened in July 2010, having started its operations in mid-August of the same year.

The Bank's activities cover most areas of the banking sector, with a special focus on the markets for medium-sized and large companies.

Note that the Bank, previously called Banco Internacional de Cabo Verde, was until July 10, 2018, part of the Novo Banco Group, which held 100% of its capital, and as of July 11, after completion of a sale process, it became 90% owned by the iib Group Holding WLL, with 10% remaining in the possession of the Novo Banco Group (through Novo Banco Africa SGPS, S.A.).

In July 2019, the Bank adopted its current name, becoming , currently operating through its Head Office in Praia, a Business Unit on Sal Island and a Service Station in S. Vicente.

NOTE 2: Basis of Presentation and Significant Accounting Policies

2.1. Basis of Presentation

The Bank's financial statements, now presented, refer to December 31, 2023 and were prepared in accordance with the principles established in the International Financial Reporting Standards (IFRS) in force on December 31, 2023.

The IFRS include accounting standards issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) and respective predecessor bodies.

The financial statements are stated in thousands of Cabo Verde Escudos, rounded to the nearest thousand. They were prepared in accordance with the historical cost principle, with the exception of assets and liabilities recorded at fair value, namely financial assets at fair value through other comprehensive income.

Preparing financial statements in accordance with IFRS requires the Bank to make judgments and estimates and use assumptions that affect the application of accounting policies and the amounts of income, costs, assets and liabilities. Changes to such assumptions or differences between these assumptions and reality may have an impact on current estimates and judgments. The areas that involve a higher level of judgment or complexity, or where significant assumptions and estimates are used to prepare the

financial statements, are analyzed in Note 3.

These financial statements were approved at the Board of Directors' April 12, 2024 meeting and are pending approval by the General Meeting of Shareholders. However, the Board of Directors assumes that they will be approved without significant changes.

The accounting policies are consistent with those used in preparing the previous year's financial statements.

2.2. Significant Accounting Policies

a) Financial assets and liabilities

(i) Classification of financial assets

The Bank classifies its financial assets in one of the following valuation categories:

- Investments at amortized cost;
- Financial assets at fair value through other comprehensive income; and
- Financial assets at fair value through profit or loss.

The classification requirements for debt and equity instruments are presented as follows:

Debt instruments

Debt instruments are instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, public and private bonds and accounts receivable acquired from customers under non-recourse factoring agreements.

The classification and subsequent valuation of these instruments in the above categories is based on the following two elements:

- The Bank's business model for managing financial assets, and
- The contractual cash flow characteristics of financial assets.

The classification and subsequent valuation of these instruments in the above categories is based on the following two elements:

- The Bank's business model for managing financial assets, and
- The contractual cash flow characteristics of financial assets.

A) Financial assets at amortized cost

A financial asset is classified under "Financial assets at amortized cost" when the following conditions are cumulatively met:

- It is managed as a business model whose goal is to hold financial assets in order to receive contractual cash flows; and
- Contractual conditions give rise to cash flows on specific dates, which are solely

payments of principal and interest on the outstanding principal amount.

The financial assets at amortized cost category includes “Investments in other credit institutions” and “Customer loans.”

B) Financial assets at fair value through other comprehensive income

A financial asset is classified under “Financial assets at fair value through other comprehensive income” when the following conditions are cumulatively met:

- It is managed as a business model whose goal combines the receipt of contractual cash flows from financial assets and their sale; and
- Contractual conditions give rise to cash flows on specific dates, which are solely payments of principal and interest on the outstanding principal amount.

C) Financial assets at fair value through profit or loss

A financial asset is classified under "Financial assets at fair value through profit or loss" where, due to the Bank's business model or due to its contractual cash flow characteristics, it is not appropriate to classify the financial asset in any of the previous categories. On the transition date, in order to classify financial assets in this category, the Bank also considered whether it expects to recover the book value of the asset through its sale to a third party.

Also included in this portfolio are all instruments that meet any of the following characteristics:

- They originated or were acquired with the aim of transacting them in the short term;
- They are part of a group of identified and jointly managed financial instruments for which there is evidence of recent actions aimed at obtaining short-term gains;
- They are derivative instruments that do not comply with the definition of a financial guarantee contract nor have been designated as hedging instruments.

Business model assessment

The business model reflects the way the Bank manages its assets with a view to generating cash flows. Thus, it is important to understand whether the Bank's goal is only to receive the contractual cash flows from the assets (“Hold to collect”) or if it intends to receive the contractual cash flows and the cash flows resulting from the sale of the assets (“Hold to collect and sell”). If none of these situations apply (e.g., the financial assets are held for trading), then the financial assets are classified as part of “another” business model and recognized at fair value through profit or loss. Factors considered by the Bank when identifying the business model for a group of assets include past experience with respect to how cash flows are received, how asset performance is evaluated and

reported to management, how risks are assessed and managed and how directors are paid.

Securities held for trading are held primarily for the purpose of being sold in the short term or form part of a portfolio of jointly managed financial instruments for which there is clear evidence of a recent pattern of short-term earnings. These securities are classified under “other” business models and recognized at fair value through profit or loss.

The assessment of the business model does not depend on the intentions for an individual instrument, but for a set of instruments, taking into account the frequency, value, sales schedule in previous years, the reasons for the said sales and the expectations regarding future sales. Infrequent or insignificant sales, or sales close to the asset's maturity, and those motivated by an increase in the credit risk of financial assets or to manage concentration risk, among others, may be compatible with the model of holding assets to receive contractual cash flows.

If a financial asset contains a contractual clause that may modify the schedule or amount of contractual cash flows (such as early amortization or extension of duration clauses), the Bank determines whether the cash flows that will be generated over the life of the instrument, due to the exercise of said contractual clause, are solely payments of principal and interest on the outstanding principal amount.

In the event that a financial asset envisages a periodic interest rate adjustment, but the frequency of this adjustment does not coincide with the term of the reference interest rate (for example, the interest rate is adjusted every three months), at the time of initial recognition, the Bank assesses that inconsistency in the interest component to determine whether the contractual cash flows represent solely payments of principal and interest on the outstanding principal amount.

Contractual conditions that, at the time of initial recognition, have a minimal effect on cash flows or depend on the occurrence of exceptional or highly unlikely events (such as settlement by the issuer) do not prevent their classification in the portfolios at amortized cost or at fair value through other comprehensive income.

SPPI assessment

When the business model involves holding assets in order to (i) receive contractual cash flows or (ii) receive contractual cash flows and sell these assets, the Bank assesses whether the cash flows from the financial instrument correspond solely to payments of principal and interest on outstanding principal (Solely Payments of Principal and Interest - “SPPI” - test). In this assessment, the Bank considers whether the contractual cash flows are consistent with a basic loan agreement. That is, interest includes only

considerations relating to the time value of money, credit risk, other normal credit risks and a profit margin that is consistent with a basic loan agreement. When contractual terms introduce exposure to risk or variability in cash flows that are inconsistent with a simple loan agreement, the financial asset is classified and measured at fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether the cash flows correspond solely to payments of principal and interest on the outstanding principal (“SPPI” test).

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective. That is, they are instruments that do not contain a contractual obligation to pay and that show a residual interest in the issuer's net assets. An example of equity instruments is common stock.

Investments in equity instruments are an exception to the general valuation criteria described above. As a general rule, the Bank exercises the option to, on initial recognition, irrevocably designate under financial assets at fair value through other comprehensive income the investments in equity instruments which do not qualify as held for trading and which, in the event of not exercising the said option, would be classified as financial assets that must be accounted for at fair value through profit or loss. Impairment losses (and impairment reversals) are not recorded separately from other changes in fair value.

(ii) Classification of financial liabilities

An instrument is classified as a financial liability when there is a contractual obligation to settle it through the delivery of cash or another financial asset, regardless of its legal form.

Financial liabilities are derecognized when the underlying obligation is settled, expires or is cancelled. Non-derivative financial liabilities include funds from central banks and other credit institutions, Customer Funds and Other Loans.

On their initial recognition, the Bank designates certain financial liabilities at fair value through profit or loss (Fair Value Option), provided that at least one of the following requirements is met:

- The financial liabilities are managed, valued and analyzed internally on the basis of their fair value;

- Derivative transactions are contracted in order to hedge these assets or liabilities economically, thus ensuring consistency in the valuation of assets or liabilities and derivatives (accounting mismatch); or
- The financial liabilities contain embedded derivatives.

(iii) Initial recognition and valuation of financial instruments

Upon initial recognition, all financial instruments will be recorded at fair value. For financial instruments that are not recorded at fair value through profit or loss, fair value is adjusted by adding or subtracting transaction costs directly attributable to their acquisition or issue. For financial instruments at fair value through profit or loss, directly attributable transaction costs are recognized immediately in profit or loss.

Transaction costs are defined as expenses directly attributable to the acquisition or disposal of a financial asset, or to the issue or assumption of a financial liability, which would not have been incurred if the Bank had not made the transaction. They include, for example, commissions paid to intermediaries (such as developers) and mortgage formalization costs.

Financial assets are recognized in the balance sheet on the transaction date – the date on which the Bank commits to purchase the assets, unless there is a contractual stipulation or applicable legal concept that determines that the transfer of rights takes place at a later date.

On initial recognition, when the fair value of financial assets and liabilities differs from the transaction price, the entity shall recognize this difference as follows:

- When the fair value is evidenced by the quotation of an equivalent asset or liability in an active market (i.e., level 1 inputs) or based on a valuation technique that uses only observable market data, the difference is recognized as a gain or loss; and
- In other cases, the difference is deferred and the time of initial recognition of the gain or loss is determined individually. This difference can then be (i) amortized over the life of the instrument, (ii) deferred until the fair value of the instrument can be determined using observable market data, or (iii) recognized through the settlement of the asset or liability.

(iv) Subsequent valuation of financial instruments

After their initial recognition, the Bank shall measure its financial assets at (i) amortized cost, at (ii) fair value through other comprehensive income or (iii) at fair value through profit or loss.

Trade receivables that do not have a significant financing component and commercial credits and short-term debt instruments that are initially valued at the transaction price or outstanding principal, respectively, are valued at the referred value less impairment losses.

Immediately after initial recognition, an impairment for expected credit losses (ECL) is also recognized for financial assets measured at amortized cost and investments in debt instruments measured at fair value through other comprehensive income, resulting in the recognition of a loss in profit or loss when the asset is originated.

Financial liabilities are initially recorded at fair value less transaction costs incurred and subsequently at amortized cost, based on the effective interest method, with the exception of financial liabilities designated at fair value through profit or loss, which are recorded at fair value.

(v) Income and expenses from financial instruments

Income and expenses from financial instruments at amortized cost are recognized according to the following criteria:

- i. Interest is recorded in profit or loss under “Interest and similar income” and “Interest and similar expense,” using the effective interest rate of the transaction on the gross book value of the transaction (except for impaired assets where the interest rate is applied on the book value net of impairment).
- ii. The remaining changes in value will be recognized in profit or loss as income or expense when the financial instrument is derecognized from the balance sheet under “Investment income at amortized cost,” when it is reclassified, and for financial assets, when there are impairment losses or recovery gains, which are recorded under “Impairment for loans to customers net of reversals and recoveries,” for customers loan, or under “Impairment for other financial assets net of reversals and recoveries,” for other financial assets.

Income and expenses from financial instruments at fair value through profit or loss are recognized in accordance with the following criteria:

- i. Changes in fair value are recorded directly in profit or loss, separating the part attributable to the instrument’s income, which is recorded as interest or as dividends according to their nature under “Interest and similar income” and “Income from equity instruments,” respectively, from the rest, which is recorded as income from financial transactions under “Income from financial assets and liabilities valued at fair value through profit or loss.”
- ii. Interest on debt instruments is recorded in profit or loss under “Interest and similar

income” and is calculated using the effective interest rate method.

Income and expenses from financial assets at fair value through other comprehensive income are recognized in accordance with the following criteria:

- i. Interest or, when applicable, dividends are recognized in profit or loss under “Interest and similar income” and “Income from equity instruments,” respectively. For interest, the procedure is the same as for assets at amortized cost.
- ii. Exchange differences are recognized in profit or loss under “Foreign exchange gains and losses,” for monetary financial assets, and in other comprehensive income, for non-monetary financial assets.
- iii. For debt instruments, impairment losses or their recovery gains are recognized in profit or loss under “Impairment for other financial assets net of reversals and recoveries.”
- iv. The remaining changes in value are recognized in other comprehensive income.

Thus, when a debt instrument is measured at fair value through other comprehensive income, the amounts recognized in income for the year are the same as those that would be recognized if measured at amortized cost.

When a debt instrument valued at fair value through other comprehensive income is derecognized from the balance sheet, the gain or loss recorded in other comprehensive income is reclassified to income for the period. On the other hand, when an equity instrument valued at fair value through other comprehensive income is derecognized from the balance sheet, the gain or loss recorded in other comprehensive income is not reclassified to the profit and loss account, remaining in a reserve item.

(vi) Reclassifications between categories of financial instruments

Only if the Bank decided to change its business model for managing financial assets would it reclassify all affected financial assets in accordance with the IFRS 9 requirements. This reclassification would be done prospectively from the reclassification date. According to IFRS 9, changes in the business model are expected to occur infrequently. Financial liabilities cannot be reclassified between portfolios.

(vii) Fair Value

The Bank uses the following methodology for determining the fair value of securities:

- Average trading price on the calculation day or, when not available, the average trading price on the previous business day;
- Probable net realizable value obtained through the adoption of an internal valuation technique or model;

- Price of a similar financial instrument, taking into account, at least, the payment and maturity terms, the credit risk and the currency or indexer.

(viii) Loan modification

Occasionally, the Bank renegotiates or modifies the contractual cash flows of customer loans. In this case, the Bank assesses whether the new contractual terms are substantially different from the original terms. The Bank makes this analysis considering, among others, the following factors:

- Whether the debtor is in financial difficulty, whether the modification only reduces contractual cash flows to an amount that the debtor is expected to be able to pay;
- Whether any significant new term has been introduced, such as profit sharing or equity-based return, which substantially affects credit risk;
- Significant extension of contract maturity when the debtor is not in financial difficulty;
- Significant change in the interest rate;
- Change in the currency in which the loan was contracted; and
- Inclusion of collateral, guarantee or other credit enhancement that significantly affects the credit risk associated with the loan.

If the terms of the agreement are significantly different, the Bank derecognizes the original financial asset and recognizes the new asset at fair value, calculating its new effective interest rate. The renegotiation date is considered the initial recognition date for the purposes of calculating impairment, including for the purpose of assessing whether there has been a significant increase in credit risk. However, the Bank also assesses whether the newly recognized financial asset is impaired on initial recognition, especially when the renegotiation is related to the fact that the debtor has not made the originally agreed upon payments. Differences in the carrying amount are recognized in profit or loss, as a derecognition gain or loss.

If the terms of the agreement are not significantly different, the renegotiation or modification does not result in derecognition, and the Bank recalculates the gross carrying amount based on the revised cash flows from the financial asset and recognizes a gain or loss from this modification in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or adjusted effective interest rate for impaired, originated or acquired financial assets).

(ix) Derecognition not resulting from a modification

Granted financial assets are derecognized when the cash flows associated with them are extinguished, collected or sold to third parties and (i) the Bank transfers substantially

all the risks and rewards associated with owning the asset or (ii) the Bank does not transfer, nor does it have substantially all of the risks and rewards associated with owning the asset and does not have control over the asset. Gains and losses obtained on the final sale of Customer loans are recorded in Other operating income. These gains or losses correspond to the difference between the fixed sale value and the book value of these assets, net of impairment losses.

The Bank participates in transactions where it has the contractual right to receive cash flows from assets but undertakes a contractual obligation to pay these cash flows to other entities and transfers substantially all the risks and rewards. These transactions result in the derecognition of the asset, if the Bank:

- Has no obligation to make payments, unless it receives equivalent amounts from the assets;
- Is prohibited from selling or pledging the assets; and
- Has an obligation to remit any cash flows it receives from assets without material delays.

The guarantees provided by the Bank (shares and bonds) through repurchase agreements and securities lending operations are not derecognized because the Bank substantially holds all the risks and rewards based on the pre-established repurchase price, thus the derecognition criteria do not apply.

Financial liabilities are derecognized when the underlying obligation is settled, expires or is cancelled.

(x) Write-off policy

The Bank writes off financial assets, in part or in full, when it concludes that there is no reasonable expectation of receipt, leading to an extreme scenario of total impairment. The indicators that show that there is no reasonable expectation of receipt are (i) termination of operations and (ii) cases in which the recovery depends on the receipt of collateral, but in which the collateral value is so low that there is no reasonable expectation of recovering the asset in full.

The rules implemented for selecting loans that may be subject to write-offs are as follows:

- The loans cannot have an associated real guarantee;
- The loans must be fully closed (recorded in overdue loans in their entirety and with no outstanding debt);
- The loans cannot be branded as renegotiated overdue loans or be involved in an active payment agreement.

(xi) Impairment of financial assets

Impairment losses are recognized for all financial assets, except for assets classified or designated at fair value through profit or loss and equity instruments designated at fair value through other comprehensive income. Assets subject to impairment assessment include those belonging to the customer loan portfolio, debt instruments and investments and deposits in other credit institutions. Impairment losses are recorded in profit or loss and are subsequently reversed through income if there is a reduction in the amount of the estimated loss in a subsequent year.

Off-balance sheet items, such as financial guarantees and unused loan commitments, are also subject to impairment assessment.

Impairment is measured at each reporting date in accordance with the three-stage model for expected credit losses:

Stage 1 – From initial recognition and until there is a significant increase in credit risk, impairment is recognized in the amount of expected credit losses if the default occurs within 12 months of the reporting date.

Stage 2 – After a significant increase in credit risk compared to the date of initial recognition of the financial asset, impairment is recognized in the amount of expected credit losses for the remaining period of the financial asset.

Stage 3 – For financial assets considered to be credit impaired, impairment is recognized in the amount of expected credit losses for the remaining period of the financial asset.

Impairment losses are a probability-weighted estimate of reductions in the cash flow value resulting from default over time. For loan commitments, the estimated expected credit losses consider a part of the limit that is expected to be used during the period. For financial guarantees, credit loss estimates are based on expected payments under the guarantee agreement.

Increases and decreases in the amount of impairment losses attributable to acquisitions and new originations, derecognition or maturity, and remeasurements due to changes in the expected loss or transfer between stages are recognized in profit or loss.

Impairment losses represent an unbiased estimate of expected credit losses on financial assets at the balance sheet date. Judgment is considered when setting assumptions and estimates to calculate impairment, which may result in changes in the amount of provision for impairment losses from period to period.

Measurement of expected credit losses

Expected credit losses are based on a set of possible outcomes and consider all

reasonable and supportable information available, including historical credit loss experience and expected future cash flows. The measurement of expected credit losses is primarily the product of the instrument's probability of default (PD), loss given default (LGD) and exposure at default (EAD) discounted to the reporting date. The main difference between the expected credit losses in Stage 1 and Stage 2 is the calculation timeframe.

The expected credit loss estimate is obtained for each specific exposure, with the relevant parameters being modeled on a collective basis considering a portfolio segmentation level that reflects the way the Bank manages its risks. The approaches were designed to maximize the use of available information that is reliable and supportable for each segment and that is collective in nature.

Expected credit losses are discounted to the reporting date using the effective interest rate.

Assessment of significant increase in credit risk

Identifying a significant increase in credit risk requires significant judgment. Movements between Stage 1 and Stage 2 are based, whenever possible, on comparing the instrument's credit risk at the reporting date with the credit risk at the time of origination. The assessment generally covers the instrument, although it may consider information regarding the debtor.

This assessment is carried out at each reporting date, based on a set of qualitative and/or non-statistical quantitative indicators. Instruments that are overdue for more than 30 days are generally considered to have seen a significant increase in credit risk.

Preparing financial statements requires the Bank to make subjective estimates and judgments, and changes in these estimates may have an impact on the financial statements. These estimates are based on the best information available at the time the financial statements are prepared and take into account the uncertainties surrounding the impact of Covid-19 on the current economic environment.

Definition of default

The definition of default was developed considering risk management processes, namely in the credit recovery component, as well as international best practice in this field. The definition of default may differ between segments and considers both qualitative and quantitative factors. Default criteria are applied to operations for individuals and to the debtor for corporate customers. Default will occur when there are more than 90 days of delay and/or when it is considered less likely that the debtor will fully comply with their obligations, for example due to capital being written off or multiple loan restructuring. The



definition of default is applied consistently from period to period.

i) Individual Analysis

The individual analysis focuses on all significant customers. Significant customers are identified using one of the following criteria:

- Customers with exposure above CVE 25,000,000;
- Customers with exposure above CVE 10,000,000 and other indicators of credit risk deterioration.

The individual analysis follows the following methodologies to measure expected loss for significant customers:

- Going concern – recovery estimates consider operating cash flows and the enforcement of guarantees;
- Gone concern – recovery estimates consider only the enforcement of guarantees.

ii) Collective Analysis

Collective analysis focuses on the operations of non-significant customers.

For financial assets classified in Stage 1 and Stage 2, the measurement of expected losses is the result of the outcome between the financial instrument's probability of default (PD), loss given default (LGD) and exposure at default (EAD). For financial assets classified in Stage 3, the measurement of expected losses is the result of the outcome between LGD and EAD.

The PDs and LGDs used in the collective impairment model were obtained based on the Bank's knowledge of the Cabo Verdean financial sector, since the small number of operations does not allow the estimation of internal risk factors.

b) Accrual basis

The Bank follows the accrual principle for most items in the financial statements, namely with regard to interest on loan and deposit operations that are recorded as they are generated, regardless of the time of payment or collection.

c) Foreign currency transactions

Foreign currency transactions are recorded in accordance with the principles of the multi-currency system, with each transaction being recorded exclusively according to its currency.

Monetary assets and liabilities denominated in foreign currency are converted into

escudos at the exchange rate prevailing on the balance sheet date. Exchange differences resulting from this conversion are recognized in profit or loss.

Non-monetary assets and liabilities recorded at historical cost and denominated in foreign currency are translated at the exchange rate on the transaction date. Non-monetary assets and liabilities denominated in foreign currency and recorded at fair value are translated at the exchange rate prevailing on the date on which the fair value was determined. Conversions or amounts in foreign currency are converted into Cabo Verde Escudos and exchange differences are recognized in profit or loss.

On the date they are contracted, spot and forward foreign exchanges are immediately recorded in the foreign exchange position.

Whenever these transactions lead to changes in the net balances of different currencies, spot or forward exchange position accounts are moved, with the content and revaluation criteria being as follows:

i) Spot exchange position

The spot exchange position in each currency is given by the net balance of that currency's assets and liabilities, excluding the spot exchange position covered by forward currency swap transactions and adding the amounts of spot transactions awaiting settlement and forward transactions that mature in the two subsequent business days. The spot exchange position is revalued daily, based on the indicative exchange rates for the day published by Banco de Cabo Verde, giving rise to the movement of the exchange position account (domestic currency), against costs or income.

i) Forward exchange position

The forward exchange position in each currency is given by the net balance of forward transactions awaiting settlement that are not hedging the spot exchange position, excluding those maturing within the two subsequent business days.

All agreements relating to these transactions are revalued at forward exchange rates or, in their absence, by calculating them based on the interest rates of the respective currencies for the residual term of each transaction. The differences between the equivalents in escudos at the forward revaluation rates and the equivalents in escudos at the contracted rates represent the cost or reward of revaluating the forward exchange position, being recorded in a revaluation account of the exchange position against costs or income accounts.

d) Other tangible assets

Other tangible assets are valued at acquisition cost less their accumulated depreciation and impairment losses. Maintenance and repair expenses are recognized as a cost, in

accordance with the accrual principle.

Depreciation is calculated using the straight-line method, at the following amortization rates that reflect the expected useful life of the assets:

	<u>Number of years</u>
Self-service properties	25
Furniture and supplies	4-8
IT equipment	4
Machinery and tools	5
Transportation and equipment	4
Interior facilities	8-10
Safety equipment	4-5

When there is an indication that an asset may be impaired, IAS 36 requires its recoverable amount to be estimated, and an impairment loss must be recognized whenever the net value of an asset exceeds its recoverable amount. Impairment losses are recognized in the income statement.

The recoverable amount is determined as the highest between its net selling price and its value in use, with the latter being calculated based on the present value of estimated future cash flows expected to be obtained from the continued use of the asset and its disposal at the end of its useful life.

e) Intangible Assets

The costs incurred with the acquisition, production and development of software, as well as the additional expenses borne by the Bank for its implementation, are capitalized. These costs are amortized on a straight-line basis over the expected useful life of these assets, which is normally between 3 and 10 years.

All other charges related to IT services, which are not expected to generate future economic benefits beyond one year, are recorded as costs when incurred.

f) Employee benefits

The Bank does not record any addition for vacation and vacation allowances in its financial statements since it adopted the procedure of paying vacations and vacation allowances in the year in which the employees are hired. Thus, whenever an employee terminates his/her employment contract with the Bank, s/he is only paid the vacation and

vacation allowance proportional to the months worked in the year in which s/he leaves.

The recoverable amount is determined as the higher of its net selling price and its value in use, which is calculated based on the present value of the estimated future cash flows expected to be obtained from the continued use of the asset and its disposal at the end of its useful life.

g) Income tax

The Bank is subject to the tax system established in the Corporate Income Tax Code (Law no. 82/VIII/2015, dated January 7), at the rate of 22%, and a fire protection fee of 2% on the calculated tax, for an overall rate of 22.44% (2022: 22.44%). Income taxes comprise current taxes and deferred taxes.

Current taxes are those that are expected to be paid based on the taxable amount determined in accordance with the tax rules in force.

Deferred tax liabilities are recognized for all taxable temporary differences. However, deferred tax assets are recognized only to the extent that one expects future taxable profits capable of absorbing the differences and tax losses to be used in the future.

Income taxes are recognized in profit or loss, except when they relate to items that are recognized directly in equity, in which case they are also recorded against equity.

Tax losses calculated in a year are deducted from taxable income for one or more of the following three years.

h) Recognition of interest

Income relating to interest on financial instruments measured at amortized cost and on available-for-sale financial assets are recognized under interest and similar income or interest and similar expense, using the effective interest method. Interest on financial assets and liabilities at fair value through profit or loss is also included under interest and similar income or interest and similar expense, respectively.

The effective interest rate is the rate that exactly discounts estimated future payments or receipts over the expected life of the financial instrument or, where appropriate, a shorter period for the net present balance sheet value of the financial asset or financial liability. The effective interest rate is established on initial recognition of financial assets and liabilities and is not subsequently revised.

In order to calculate the effective interest rate, future cash flows are estimated considering all contractual terms of the financial instrument (e.g., advance payment options), while not considering any future credit losses. The calculation includes fees that are an integral part of the effective interest rate, transaction costs and all premiums and

discounts directly related to the transaction. For financial assets or groups of similar financial assets for which impairment losses have been recognized, the interest recorded under interest and similar income is determined based on the interest rate used to measure the impairment loss.

i) Recognition of fee and commission

Fee and commission income is recognized as follows:

- Fee and commission income obtained in the performance of a significant act, such as commissions in loan syndication, are recognized in profit or loss when the significant act has been completed;
- Fee and commission income obtained as the services are provided are recognized in profit or loss in the year to which they refer;
- Fee and commission income that are an integral part of the effective interest rate of a financial instrument are recorded in profit or loss using the effective interest rate method.

j) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include amounts recorded in the balance sheet with a maturity of less than three months from the date of acquisition/contracting, including cash and balances at central banks and other credit institutions.

k) Equity

An instrument is classified as an equity instrument when there is no contractual obligation to settle it through the delivery of cash or another financial asset, regardless of its legal form, showing a residual interest in the assets of an entity after deducting all its liabilities.

All costs directly attributable to equity issuance are recorded against equity as a deduction from the issue value.

Distributions made on behalf of equity instruments are deducted from equity, as dividends, when declared.

l) Provisions

A provision is created when there is a present obligation (legal or constructive) resulting from past events, for which the future expenditure of funds is probable, and this can be reliably measured. The amount of the provision corresponds to the best estimate of the amount to be disbursed to settle the liability at the balance sheet date.

Provisions are measured at the present value of the estimated costs to pay the obligation,

using a pre-tax interest rate, which reflects the market assessment for the discount period and for the risk of the provision in question.

Whenever one of the criteria is not met, or the existence of the obligation depends on the occurrence (or non-occurrence) of some future event, the Bank discloses this fact as a contingent liability, unless the assessment of the outflow of funds to pay it is considered remote. If future expenditure of funds is not probable, it is a contingent liability. Contingent liabilities are only subject to disclosure, unless the possibility of their materialization is remote.

m) Foreclosed properties

In the course of its lending activities, the Bank runs the risk of not being able to have all its credit repaid. For loans with mortgage collateral, the Bank takes ownership of property and other assets to settle the loan.

Although it aims to immediately sell all foreclosed properties, the Bank records these properties in the balance sheet under “Other Assets” due to the fact that they remain in the portfolio for more than one year and consequently do not comply with the conditions laid down in IFRS 5 for recognition under “non-current assets held for sale.” Upon initial recognition, these properties are recorded at the lower of their fair value, less expected sale costs, and the balance sheet value of the loan granted, subject to recovery. Subsequently, these assets are measured at the lower between their initial recognition value and fair value, less sale costs, and are not amortized. Unrealized losses on these assets, once determined, are recorded in profit or loss.

These properties are valued in accordance with one of the following methodologies, which are applied according to the property’s specific situation:

i) Market Approach

This approach is based on transaction values of properties similar and comparable to the property under study, obtained through market research carried out in the area.

ii) Income Approach

This approach aims to estimate the value of the property, based on the capitalization of its net income, updated to the present time, using the discounted cash flow method.

iii) Cost Approach

The Cost Approach is a criterion that breaks down the property value into its fundamental components: urban land value and urbanity value; construction value; and indirect cost value.

The appraisals are carried out by independent entities specialized in this type of service.

The appraisal reports are analyzed internally, with assessment of the adequacy of the processes, comparing the properties' sale values with their reappraised values.

For this category of assets, the precepts defined by Banco de Cabo Verde through Notice no. 7/2015, dated December 24, are also observed.

n) Leases

IFRS 16 sets out the following requirements regarding the scope, classification/recognition and measurement of leases:

- From the lessor's perspective, leases continue to be classified as finance leases or operating leases;
- From the lessee's perspective, the standard establishes a single model for accounting for lease agreements, which results in the recognition of a right-of-use asset and a lease liability for all lease agreements, with the exception of leases with a term of less than 12 months or for leases that affect low-value assets, where the lessee may opt for the recognition exemption provided for in IFRS 16, in which case it must recognize the lease payments associated with these agreements as expenses.

The Bank chose not to apply this standard to short-term lease agreements, less than or equal to one year, for which the economic loss due to non-renewal of the agreement is not significant, and to lease agreements where the underlying asset has low value.

Lease definition

The new lease definition entails a focus on controlling the identified asset. That is, an agreement constitutes or contains a lease if it conveys the right to control the use of an identified asset, i.e., substantially obtaining all the economic benefits of using it and the right to direct the use of that identified asset over a certain period of time, in exchange for consideration.

Impacts from a lessee's perspective

libCV recognizes for all leases, with the exception of leases with a term of less than 12 months, for which the economic loss due to non-renewal of the agreement is not significant, or for leases of assets with a low unit value:

- A right-of-use asset, initially measured at cost, taking into account the Net Present Value (NPV) of the lease liability, plus payments made (fixed and/or variable), less lease incentives received, termination penalties (if reasonably certain), as well as any estimates of costs to be borne by the lessee for dismantling and removing the underlying asset and/or restoring the site on which it is located. Subsequently, it is measured according to the cost model (subject to depreciation/amortization, according to the lease

term of each agreement and to impairment tests);

- A lease liability, initially recorded at the net present value (NPV) of future lease cash flows, which includes:

- Fixed payments, less lease incentives receivable;
- Variable lease payments, which depend on an index or rate, measured initially and using the index or rate at the agreement start date;
- The amounts to be paid by the lessee as residual value guarantees;
- The price for exercising a purchase option, if the lessee is reasonably certain to exercise that option;
- Lease termination penalty payments, if the lease term reflects the exercise of an option to terminate the lease by the lessee.

Since the interest rate implicit in the lease cannot be easily determined (paragraph 26 of IFRS 16), lease payments are discounted at the lessee's incremental borrowing rate. For fixed-term agreements, this date is considered as the lease's end date, while for other open-ended agreements, the term in which it will be enforceable is assessed. When assessing the enforceability, particular agreement clauses are considered, as well as the economic impacts resulting from non-renewal of agreements.

Subsequently, it is measured as follows:

- By increasing its carrying amount to reflect the interest thereon;
- By decreasing its carrying amount to reflect lease payments;
- The carrying amount is remeasured to reflect any revaluations or changes to the lease, as well as to incorporate the review of in-substance fixed lease payments and the review of the lease term.

The Bank reassesses a lease liability and calculates the corresponding adjustment related to the right-of-use asset whenever:

- There is a change in the lease term or in the valuation of an option to purchase the underlying asset, with the lease liability being remeasured, discounting the revised lease payments and using a revised discount rate;
- There is a change in the amounts payable under a residual value guarantee or future lease payments resulting from a change in an index or rate used to determine those payments, with the lease liability being remeasured by discounting the revised lease payments, using an unchanged discount rate (unless the change in lease payments results from a change in variable interest rates, in which case a revised discount rate must be used);



- A lease agreement is amended, but that amendment is not accounted for as a separate lease, with the lease liability being remeasured by discounting the revised lease payments using a revised discount rate.

libCV did not make any adjustments for the periods presented.

Right-of-use assets are depreciated/amortized from the effective date until the end of the useful life of the underlying asset or until the end of the lease term, whichever is earlier. If the lease transfers ownership of the underlying asset or if the cost of the right-of-use asset reflects the fact that the Bank will exercise a purchase option, the right-of-use asset must be depreciated/amortized from the effective date until the end of the useful life of the underlying asset. Depreciation/amortization begins on the effective date of the lease.

Adopting the standard implies changes in the Bank's financial statements, namely:

- In the Income Statement:

- i. Recording interest expense related to lease liabilities in Net Interest Income;
- ii. Recording the amounts related to short-term lease agreements and lease agreements for low-value assets in Other administrative expenses; and
- iii. Recording the cost of depreciating right-of-use assets in Amortizations.

- In the balance sheet:

- i. Recording in Other tangible assets, through recognition of right-of-use assets; and
- ii. Recording in Other liabilities, at the value of recognized lease liabilities.

NOTE 3: Key Estimates and Judgments used in preparing Financial Statements

IFRS establish a number of accounting treatments and require the Board of Directors to make judgments and the necessary estimates to decide which accounting treatment is most appropriate. The main accounting estimates and judgments used by the Bank in applying accounting principles are discussed in this Note, with the objective of improving understanding of how their application affects the Bank's reported results and their disclosure. A comprehensive description of the main accounting policies used by the Bank is presented in Note 2 to the financial statements.

Considering that in many situations there are alternatives to the accounting treatment adopted by the Board of Directors, the results reported by the Bank could be different if a different treatment were chosen. The Board of Directors believes that the choices made are appropriate and that the financial statements adequately present the Bank's financial position and the results of its operations in all materially relevant aspects.

3.1. Impairment losses on financial assets at amortized cost

Determining impairment losses for financial instruments involves judgments and estimates regarding the following aspects, among others:

a) Significant increase in credit risk:

Impairment losses correspond to expected losses in the event of a default within a 12-month period, for assets in Stage 1, and expected losses considering the probability of occurrence of a default event at some point up to the financial instrument's maturity date, for assets in Stage 2 and 3. An asset is classified in Stage 2 whenever there is a significant increase in its credit risk since its initial recognition.

When assessing the existence of a significant increase in credit risk, the Bank takes into account reasonable and sustainable qualitative and quantitative information.

a) Definition of asset groups with common credit risk characteristics:

When expected credit losses are measured on a collective basis, financial instruments are grouped based on common risk characteristics. The Bank monitors the adequacy of credit risk characteristics on a regular basis to assess whether they remain similar. This procedure is necessary to ensure that, in the event of a change in credit risk characteristics, asset segmentation is reviewed. This review may result in the creation of new portfolios or transfer of assets to existing portfolios that better reflect their credit risk characteristics.

b) Probability of default:

The probability of default is a decisive factor in measuring expected credit losses. The probability of default corresponds to an estimate of the probability of default in a given time period, the calculation of which is based on historical data, assumptions and expectations about future conditions, based on a benchmark.

c) Loss given default:

It corresponds to an estimate of loss in a default scenario. It is based on the difference between the contractual cash flows and those that the Bank expects to receive, via cash flows generated by the customer's business or credit collateral. Loss given default is estimated based on, among other things, different recovery scenarios, historical information, the costs involved in the recovery process and the estimated valuation of collateral associated with credit operations.

Alternative methodologies and the use of other assumptions and estimates could result in different levels of impairment losses recognized and presented in Notes 14, 15 and 16, with a consequent impact on the Bank's results.

3.2. Income tax

The Bank is subject to Corporate Income Tax. Determining the overall amount of income tax (see Note 20) requires certain interpretations and estimates. There are a number of transactions and calculations for which determining the final amount of tax payable is uncertain during the normal business cycle.

Other interpretations and estimates could result in a different level of current and deferred income taxes recognized in the year.

The Tax Authorities have the power to review the Bank's calculation of taxable income, for a period of 3 years, in the event of tax losses carried forward. Thus, it is possible that there will be corrections to the taxable amount, mainly resulting from differences in the interpretation of tax legislation. However, the Bank's Board of Directors is convinced that there will be no significant corrections to the income taxes recorded in the financial statements.

3.3. Fair value of financial assets and liabilities valued at fair value

Fair value is based on market quotations, when available. Otherwise, it is determined based on the use of prices of recent, similar transactions made under market conditions or based on valuation methodologies, based on discounted future cash flow techniques considering market conditions, the effect of time, the yield curve and volatility factors. These methodologies may require the use of assumptions or judgments in estimating fair value.

Consequently, the use of different methodologies or different assumptions or judgments in the application of a certain model could give rise to different financial results from those reported in Note 20.

NOTE 4: Segment Reporting

Considering that the Bank does not have equity or debt securities listed on the Stock Exchange, as part of paragraph 2 of IFRS 8 - Operating Segments, the Bank is exempt from presenting information on the segments.

NOTE 5: Interest and Similar Income

This item breaks down as follows:

(Figures in thousands of escudos)

	31.12.2023	31.12.2022
Interest on loans to customers	608 782	389 703
Interest on investments in financial institutions	378 638	213 778
Interest on securities	368 439	329 994
Interest on balances at OCI	409	57
Other	2 463	933
TOTAL	1 358 731	934 464

The increase in interest is caused by the increase in activity and, consequently, by a greater diversification of income sources, essentially through investment in securities and a greater volume of investments in OCI.

NOTE 6: Interest and Similar Expenses

This item breaks down as follows:

(Figures in thousands of escudos)

	31.12.2023	31.12.2022
Interest on central banks funds	73 951	84 978
Interest on funds from other financial institutions	108 317	-
Customer fund interest	106 020	205 262
Interest on liabilities represented by securities	106 251	2 611
Interest on subordinated liabilities	8 944	3 131
Other	570	656
TOTAL	404 053	296 637

The increase in interest is mainly due to the increase in the volume of interest on OCI investments.

NOTE 7: Fee and commission Income and Expense

This item breaks down as follows:

(Figures in thousands of escudos)

	31.12.2023	31.12.2022
Income from services and commissions	173 467	94 378
Credit operations	22 654	25 525
Transfer of money	42 355	23 495
Miscellaneous commissions	87 428	21 031
Commission for setting up operations	1 720	8 017
Account management commission	3 119	6 875
Other commissions	82 590	6 139
Guarantees and securities	8 156	22 629
Card management	2 223	1 685
Documentary credits	10 651	12
Service charges and commissions	(156 363)	(17 008)
Commission on market operations	(5 958)	(11)
Commission on credit cards	(16 159)	(13 655)
Other commissions	(134 246)	(3 342)
TOTAL	17 104	77 370

NOTE 8: Income from Foreign Currency Revaluation

This item breaks down as follows:

(Figures in thousands of escudos)

	31.12.2023	31.12.2022
Gains on foreign currency transactions		
Foreign currency	183 471	45 785
Losses on foreign currency transactions		
Foreign currency	(3 488)	(9 240)
TOTAL	179 983	36 545

This item includes income from the currency revaluation of monetary assets and liabilities denominated in foreign currency, in accordance with the accounting policy described in Note 2.2 c).

NOTE 9: Other Operating Income

This item breaks down as follows:

(Figures in thousands of escudos)

	31.12.2023	31.12.2022
Other costs	(53 948)	(11 768)
Fines and penalties	(5 965)	-
Contribution to the Guarantee Fund	(3 000)	(3 000)
Direct and indirect taxes	(2 748)	(299)
Trade Finance Stamp Duty	(11 865)	(6 708)
Other	(30 370)	(1 762)
Other gains	859	46 325
Credit recovery	-	38 531
Miscellaneous gains	-	48
Other	859	7 745
TOTAL	(53 088)	34 556

NOTE 10: Staff Costs

This item breaks down as follows:

(Figures in thousands of escudos)

	31.12.2023	31.12.2022
Compensation	93 645	89 643
Social charges	13 800	12 181
Other staff costs	35 722	18 617
TOTAL	143 167	120 440

The costs related to the compensation and other benefits paid to the Bank's Board of Directors and Fiscal Committee break down as follows:

(Figures in thousands of escudos)

	31.12.2023	31.12.2022
Executive Board	15 893	18 790
Fiscal Council	1 680	1 680
TOTAL	17 573	20 470

During the year, four new people were hired, with a view to strengthening key areas of the Bank and putting the Bank's strategy into motion. Thus, the number of employees, by professional category, is analyzed as follows:

(Figures in thousands of escudos)

	31.12.2023	31.12.2022
Executive Committee	2	3
Management	16	13
Professional Staff	25	23
Administrative Staff	3	4
TOTAL	46	43

NOTE 11: General and Administrative Expenses

This item breaks down as follows:

(Figures in thousands of escudos)

	31.12.2023	31.12.2022
Fees ⁽¹⁾	40 910	14 374
Specialized IT Service	13 567	65 518
Advertise	12 881	2 953
Communications and forwarding charges	12 504	10 659
Travel, accommodation and representation	12 483	8 276
Miscellaneous services ⁽²⁾	10 545	10 477
Other ⁽³⁾	10 256	7 622
Miscellaneous specialized services	6 570	42 976
Miscellaneous third-party supplies	3 355	5 568
Transportation of money	2 580	2 061
Rent from properties ⁽⁴⁾	2 220	2 700
TOTAL	127 871	173 184

1 - This item includes fees to Consultants in the amount of 23.34 million escudos, Certified Auditors in the amount of 11.76 million escudos, and legal services in the amount of 5.8 million escudos.

2 - This item includes electricity and fuel services, publications, hygiene, maintenance and repair, training, and insurance.

3 - This item includes legal costs, security, and other (e.g., condominium-related services).

4 - The rents are for the agency and the residences of the members of the Executive Committee.

NOTE 12: Cash and Cash Equivalents at Central Banks

This item breaks down as follows:

(Figures in thousands of escudos)

	31.12.2023	31.12.2022
Cash	85 035	166 063
Deposits at the Bank of Cape Verde	732 516	612 091
Interest	392	12
TOTAL	817 943	778 165

NOTE 13: Cash Equivalents at Other Credit Institutions

This item breaks down as follows:

(Figures in thousands of escudos)

	31.12.2023	31.12.2022
Deposits at Foreign Credit Institutions		
Deposits	4 160 069	448 945
TOTAL	4 160 069	448 945

Demand deposits with other credit institutions are not remunerated.

NOTE 14: Financial assets at fair value through profit or loss

This item breaks down as follows:

(Figures in thousands of escudos)

	31.12.2023	31.12.2022
Corporate Bonds	3 578 672	-
Receivables	29 414	-
TOTAL	3 608 086	-

The Corporate Bonds held at the end of 2023 have an average annual rate of 7.7%.

NOTE 15: Financial assets at fair value through other comprehensive income

This item breaks down as follows:

(Figures in thousands of escudos)

	31.12.2023	31.12.2022
Cape Verde Treasury Bonds	10 984 814	10 127 496
Fair Value Reserve	172 620	108 438
Corporate Bonds	-	61 797
Income receivable	78 504	73 160
Impairment	(68 051)	(70 184)
TOTAL	11 167 887	10 300 706

The Treasury Bonds in the portfolio at the end of 2023 had a residual maturity of less than 3 years (2.4 years) and bore interest at an annual rate of 3.070%. In 2022, the average residual maturity was lower than 3 years (2.9 years) and bore interest at the average annual rate of 3.175%.

As at December 31, 2023, the Bank had CVE 68.05 million in recognized impairment for financial assets at fair value through other comprehensive income. This recognition is essentially associated with the item "Cabo Verde Treasury Bonds" resulting from the application of IFRS 9 relating to the recognition of the concept of Expected Credit Loss, whose measurement is based on the definition of country risk, assignable according to the international rating for Cabo Verde.

NOTE 16: Investments in Credit Institutions

This item breaks down as follows:

(Figures in thousands of escudos)

	31.12.2023	31.12.2022
Placements with financial institutions abroad	5 990 933	11 407 800
Placements with Other Financial Institutions	2 564 764	7 184 692
Very Short-Term placements	3 400 381	4 212 129
Interest	27 960	11 205
Impairment	(2 172)	(225)
Aplicações em instituições financeiras no país	6 282 060	4 200 000
Very Short-Term placements with Bank of Cabo Verde	5 080 000	4 200 000
Short term placements with Bank of Cabo Verde	99 384	-
Placements with other financial institutions	1 102 650	-
Interest	26	-
TOTAL	12 272 993	15 607 800

The maturity schedule of investments in credit institutions, as at December 31, 2023 and 2022, is as follows:

(Figures in thousands of escudos)

	31.12.2023	31.12.2022
Investments in Financial Institutions abroad		
Up to 3 Months	4 145 719	11 407 800
More than 3 Months	1 845 215	-
Investments in Financial Institutions in the country		
Up to 3 Months	6 282 060	4 200 000
TOTAL	12 272 993	15 607 800

As at December 31, 2023, investments in credit institutions bore interest at an average annual rate of 3.61%. As at December 31, 2022, portfolio investments bore interest at the average annual rate of 2.34%.

NOTE 17: Customer loans

This item breaks down as follows:

(Figures in thousands of escudos)

	31.12.2023	31.12.2022
By Customer Type		
Corporate	6 745 755	6 717 780
Individuals	632 722	599 593
	7 378 477	7 317 373
By maturity		
Medium and long term	6 230 103	6 098 558
Short term	1 148 374	1 218 815
	7 378 477	7 317 373
By Product		
Loans	6 422 768	6 377 866
Mortgage loans	561 078	555 878
Current account loans	322 987	339 717
Individual loans	43 804	23 882
Overdrafts on demand deposits	6 119	1 785
Individuals Other	21 721	18 245
	7 378 477	7 317 373
Interest receivable	105 552	53 808
Effect of Amortized Cost	-	(12 257)
Impairment	(52 661)	(91 576)
Loans Net of Impairment	7 431 368	7 267 348

The gross credit exposure amount and impairment amount, by segment, in accordance with IFRS 9, as at December 31, 2023, is as follows:

(Figures in thousands of escudos)

Segment	Stage 1		Stage 2		Stage 3		Total	
	Exhibition	Impairment	Exhibition	Impairment	Exhibition	Impairment	Exhibition	Impairment
Corporate	2 599 625	18 159	4 137 669	31 900	8 461	807	6 745 755	50 866
Individual - Housing	517 485	217	20 936	33	22 656	227	561 077	477
Individual - Consumer	61 907	353	2 701	40	7 037	925	71 645	1 318
	3 179 017	18 729	4 161 306	31 973	38 154	1 959	7 378 477	52 661

The gross credit exposure amount and impairment amount, by segment, in accordance with IFRS 9, as at December 31, 2022, is as follows:

(Figures in thousands of escudos)

Segment	Stage 1		Stage 2		Stage 3		Total	
	Exhibition	Impairment	Exhibition	Impairment	Exhibition	Impairment	Exhibition	Impairment
Corporate	6 649 534	57 344	26 747	752	41 500	31 137	6 717 780	89 232
Individual - Housing	471 864	86	28 479	251	55 536	534	555 878	871
Individual - Consumer	31 696	290	3 352	48	8 667	1 135	43 715	1 473
	7 153 093	57 720	58 578	1 051	105 702	32 805	7 317 373	91 576

Overdue loans included in the loan portfolio as at December 31, 2023 and 2022 were as follows:

(Figures in thousands of escudos)

	31.12.2023	31.12.2022
Loan default	30 267	75 057
Total	30 267	75 057

In compliance with current regulations, the Bank identifies and marks loan agreements that were restructured due to the customer's financial difficulty, whenever there are changes to the terms and conditions of an agreement where the customer has defaulted or is expected to default on their financial obligation.

The restructured loan amounts as at December 31, 2023 and 2022 are as follows:

(Figures in thousands of escudos)

	31.12.2023	31.12.2022
Corporate	8 019	7 508
Mortgage	17 397	18 376
Consumer	1 535	1 785
Total	26 951	27 669

Gross customer loans and interest receivable, by maturity, excluding the amortized cost effect, as at December 31, 2023 and 2022, break down as follows:

(Figures in thousands of escudos)

	31.12.2023	31.12.2022
Up to 3 months	358 631	56 349
3 months to 1 year	1 770 374	1 182 513
From 1 to 5 years	4 839 974	1 590 080
More than 5 years	409 498	4 542 240
TOTAL	7 378 477	7 371 182

As at December 31, 2023, the consumer loan portfolio was contracted at an average annual rate of 7.9% (December 31, 2022: 8.17%).

Changes in loan impairment losses in 2023 are presented as follows:

(Figures in thousands of escudos)

	Stage 1	Stage 2	Stage 3	Total
31.12.2022	57 721	1 051	32 805	91 576
Increase	1 506	31 615	2	33 123
Replacement/(Reversal)	(40 497)	(693)	(31 037)	(72 227)
Use	-	-	(173)	(173)
Other movements	-	-	362	362
31.12.2023	18 730	31 973	1 959	52 661

Changes in loan impairment losses in 2022 are presented as follows:

(Figures in thousands of escudos)

	Stage 1	Stage 2	Stage 3	Total
31.12.2021	56 961	1 516	42 678	101 156
Increase	13 910	52	16 534	30 495
Replacement/(Reversal)	(13 150)	(517)	(5 033)	(18 700)
Use	-	-	(21 374)	(21 374)
31.12.2022	57 721	1 051	32 805	91 576

The gross credit exposure amount and impairment assessed individually and collectively, by sector and by segment, as at December 31, 2023, is broken down as follows:

(Figures in thousands of escudos)

Assessment	SECTOR												Total			
	Construction		Industries		Trade		Services		Individuals		Total					
	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment				
Individuals	9 631	304	-	466	6	-	258 780	7 444	-	4 504 652	26 842	-	20 958	1 036	4 794 487	35 632
Collective	1 971	14	-	165 106	447	-	475 436	8 840	-	1 329 712	6 969	-	611 765	759	2 583 990	17 029
Total	11 602	318	-	165 572	453	-	734 216	16 284	-	5 834 364	33 811	-	632 723	1 795	7 378 477	52 661

The exposures related to the Transportation sector are, in their entirety, loans given to companies with ties to the Government, with the full support of the latter.

(Figures in thousands of escudos)

Assessment	SEGMENT										Total		
	Corporate		Construction and CRE		Mortgage		Individuals		Total				
	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment			
Individuals	4 763 899	34 293	9 631	304	14 024	111	6 933	924	4 794 487	35 632			
Collective	1 970 254	16 257	1 971	14	547 054	366	64 711	392	2 583 990	17 029			
Total	6 734 153	50 550	-	11 602	318	-	561 078	477	-	71 644	1 316	7 378 477	52 661

The gross credit exposure amount and impairment assessed individually and collectively, by sector and by segment, as at December 31, 2022, is broken down as follows:

(Figures in thousands of escudos)

Assessment	SECTOR										Total	
	Construction		Industries		Trade		Services		Individuals		Exposure	Impairment
	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment		
Individuals	22 819	721	1 496	22	356 141	9 637	4 195 082	61 937	22 787 973	1 358 549	4 598 327	73 675
Collective	18 200	53	209 156	567	498 030	9 661	1 416 856	6 634	576 805	985	2 719 046	17 901
Total	41 019	774	210 652	589	854 171	19 299	5 611 938	68 571	599 593	2 344	7 317 373	91 576

(Figures in thousands of escudos)

Assessment	SEGMENTO								Total	
	Corporate		Construction and CRE		Mortgage		Individuals		Exposure	Impairment
	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment		
Individuals	4 552 720	71 595	22 819	721	14 446	228	8 342	1 130	4 598 327	73 675
Collective	2 124 042	16 906	18 200	10	541 432	643	35 373	343	2 719 046	17 901
Total	6 676 761	88 501	41 019	731	555 878	871	43 715	1 473	7 317 373	91 576

Loan portfolio by segment and by year of production, as at December 31, 2023, is as follows:

(Figures in thousands of escudos)

Production year	Corporate			Construction and CRE			Housing			Individuals			Total		
	Number of Transactions	Amount	Impairment Constituted	Number of Transactions	Amount	Impairment Constituted	Number of Transactions	Amount	Impairment Constituted	Number of Transactions	Amount	Impairment Constituted	Number of Transactions	Amount	Impairment Constituted
2010	-	-	-	-	-	-	2	5 531	1	-	-	-	2	5 531	1
2011	1	21 228	57	-	-	-	4	25 388	6	-	-	-	5	46 616	63
2012	-	-	-	-	-	-	7	41 787	4	-	-	-	7	41 787	4
2013	-	-	-	-	-	-	5	22 648	8	-	-	-	5	22 648	8
2014	-	-	-	-	-	-	5	28 799	3	-	-	-	5	28 799	3
2015	-	-	-	-	-	-	68	200 411	136	-	-	-	68	200 411	136
2016	-	-	-	-	-	-	3	13 811	47	-	-	-	3	13 811	47
2017	-	-	-	-	-	-	1	3 575	6	-	-	-	1	3 575	6
2018	-	-	-	-	-	-	4	23 480	2	-	-	-	4	23 480	2
2019	-	-	-	1	9 631	304	2	12 717	13	4	7 732	930	7	30 080	1 247
2020	3	317 640	2 798	-	-	-	3	21 176	2	1	455	7	7	339 271	2 807
2021	9	1 248 940	9 149	-	-	-	10	68 178	211	6	4 895	30	25	1 322 013	9 390
2022	16	3 379 297	18 468	1	1 801	8	4	16 939	8	17	14 460	141	38	3 412 497	18 625
2023	8	1 767 048	20 076	1	169	6	15	76 640	31	29	44 102	209	53	1 887 959	20 322
Total	37	6 734 153	50 548	3	11 601	318	133	561 080	478	57	71 644	1 317	230	7 378 478	52 661

Loan portfolio by segment and by year of production, as at December 31, 2022, is as follows:

(Figures in thousands of escudos)

Production year	Corporate			Construction and CRE			Housing			Individuals			Total		
	Number of Transactions	Amount	Impairment Constituted	Number of Transactions	Amount	Impairment Constituted	Number of Transactions	Amount	Impairment Constituted	Number of Transactions	Amount	Impairment Constituted	Number of Transactions	Amount	Impairment Constituted
2010	-	-	-	-	-	-	2	5 926	1	-	-	-	2	5 926	1
2011	1	28 303	76	-	-	-	4	27 397	6	-	-	-	5	55 700	83
2012	-	-	-	-	-	-	9	55 072	6	-	-	-	9	55 072	6
2013	-	-	-	-	-	-	5	24 941	9	-	-	-	5	24 941	9
2014	-	-	-	-	-	-	5	29 782	3	-	-	-	5	29 782	3
2015	-	-	-	-	-	-	79	249 368	379	-	-	-	79	249 368	379
2016	-	-	-	-	-	-	3	14 528	51	-	-	-	3	14 528	51
2017	-	-	-	-	-	-	1	3 739	6	1	25	0	2	3 765	6
2018	-	-	-	-	-	-	4	24 308	2	3	490	3	7	24 798	6
2019	2	433	5	1	22 819	721	2	13 692	7	6	10 909	1 146	11	47 853	1 879
2020	5	337 501	3 281	-	-	-	3	22 332	2	7	3 113	26	15	362 946	3 310
2021	14	1 411 452	12 284	-	-	-	10	66 938	391	9	7 010	43	33	1 485 400	12 717
2022	25	4 899 072	72 812	2	18 200	53	4	17 854	9	24	22 168	254	55	4 957 293	73 128
Total	47	6 676 761	88 458	3	41 019	774	131	555 878	871	50	43 715	1 473	143	7 317 373	91 576

Exposures and impairment by segment, as at December 31, 2023 and 2022, is as follows:

(Figures in thousands of escudos)

Segment	Total Exposure					Total Impairment 31.12.2023				
	Total Exposure 31.12.2023	Days in arrears < 90			Days in arrears > 90	Total impairment 31.12.2023	Days in arrears < 30	Days of delay between 30 - 90	Days in arrears <= 90*	Days in arrears > 90
		Low credit risk	Significant increase in credit risk	Sub-total						
Construction and CRE	11 602	9 631	1 971	11 602	-	318	304	14	-	-
Corporate	6 734 153	3 975 270	2 751 375	6 726 645	7 508	50 549	26 345	23 588	-	616
Mortgage	561 078	538 422	-	538 422	22 656	477	252	-	-	226
Individuals	71 644	68 647	2 894	71 541	103	1 317	1 285	30	-	1
Total	7 378 477	4 591 970	2 756 240	7 348 210	30 267	52 661	28 186	23 632	-	843

(Figures in thousands of escudos)

Segment	Exposure 31.12.2023							Impairment 31.12.2023			
	Total Exposure	Exposure with low credit risk	Of with restructured	Exposure with Significant increase in credit risk	Of with restructured	Exposure when there's impairment	Of with restructured	Total impairment	Exposure when there's impairment	Exposure with Significant increase in credit risk	Exposure in impairment situation
Construction and CRE	11 602	9 631	-	1 971	-	-	-	318	304	14	-
Corporate	6 734 153	3 114 006	511	3 612 640	-	7 508	7 508	50 549	26 345	23 588	616
Mortgage	561 078	538 422	13 219	-	-	22 656	4 178	477	252	-	226
Individuals	71 644	68 647	-	2 894	1 535	103	-	1 317	1 285	30	1
Total	7 378 477	3 730 706	13 730	3 617 505	1 535	30 267	11 686	52 661	28 186	23 632	843

(Figures in thousands of escudos)

Segment	Total Exposure						Total impairment 31.12.2022				
	Total Exposure 31.12.2022	Days in arrears < 90			Days in arrears > 90	Total impairment 31.12.2023	Days in arrears < 30	Days of delay between 30 - 90	Days in arrears <= 90*	Days in arrears > 90	
		Low credit risk	Significant increase in credit risk	Sub-total							
Construction and CRE	41 019	-	40 822	-	40 822	197	731	770	-	-	4
Corporate	6 676 761	-	6 633 903	1 556	6 635 459	41 303	88 501	57 314	12	-	31 132
Mortgage	555 878	-	522 636	-	522 636	33 242	871	515	-	-	356
Individuals	43 715	-	43 391	-	43 391	324	1 473	1 469	-	-	4
Total	7 317 373	-	7 240 751	1 556	7 242 307	75 067	91 576	60 067	12	-	31 497

(Figures in thousands of escudos)

Segment	Exposure 31.12.2022							Impairment 31.12.2022			
	Total Exposure	Exposure with low credit risk	Of with restructured	Exposure with Significant increase in credit risk	Of with restructured	Exposure when there's impairment	Of with restructured	Total impairment	Exposure when there's impairment	Exposure with Significant increase in credit risk	Exposure in impairment situation
Construction and CRE	41 019	40 822	-	-	-	197	-	731	770	-	4
Corporate	6 676 761	6 633 903	-	1 556	-	41 303	7 508	88 501	57 314	12	31 132
Mortgage	555 878	522 636	14 198	-	-	33 242	4 178	871	515	-	356
Individuals	43 715	43 391	1 785	-	-	324	-	1 473	1 469	-	4
Total	7 317 373	7 240 751	15 983	1 556	-	75 067	11 685	91 576	60 067	12	31 497

As at December 31, 2023, the fair value of collateral underlying the loan portfolio, namely in the Corporate, Construction, Commercial Real Estate (CRE) and Other Directly Related Activities (ORA) and housing segments are as follows:

(Figures in thousands of escudos)

Fair value	Corporate				Construction and CRE				Mortgage				Individuals				Total			
	Real state		Other real collateral		Real state		Other real collateral		Real state		Other real collateral		Real state		Other real collateral		Real state		Other real collateral	
	Number of transactions	Amount	Number of transactions	Amount	Number of transactions	Amount	Number of transactions	Amount	Number of transactions	Amount	Number of transactions	Amount	Number of transactions	Amount	Number of transactions	Amount	Number of transactions	Amount	Number of transactions	Amount
< 0.5 MCVE	-	-	3	1 160	-	-	-	-	-	-	1	500	-	-	15	4 596	-	-	19	6 256
>= 0.5 MCVE e < 1 MCVE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11	9 700	-	-	11	9 700
>= 1 MCVE e < 5 MCVE	-	-	3	5 000	-	-	-	-	11	51 917	4	15 003	-	-	6	14 481	11	51 917	13	34 484
>= 5 MCVE e < 10 MCVE	-	-	-	-	1	9 340	-	-	67	542 610	1	7 000	-	-	-	-	68	551 950	1	7 000
>= 10 MCVE e < 20 MCVE	-	-	3	41 500	-	-	-	-	29	410 166	-	-	-	1	17 852	29	410 166	4	59 352	
>= 20 MCVE e < 50 MCVE	1	34 200	1	30 000	-	-	-	-	12	338 220	-	-	-	-	-	13	372 420	1	30 000	
>= 50 MCVE	2	469 674	6	1 784 620	1	127 700	-	-	-	-	-	-	-	-	-	3	597 374	6	1 784 620	
Total	3	503 874	16	1 862 280	2	137 040	-	-	119	1 342 912	6	22 503	-	-	33	46 629	124	1 983 825	55	1 931 412

As at December 31, 2022, the fair value of collateral underlying the loan portfolio is as follows:

(Figures in thousands of escudos)

Fair value	Corporate				Construction and CRE				Mortgage				Individuals				Total			
	Real state		Other real collateral		Real state		Other real collateral		Real state		Other real collateral		Real state		Other real collateral		Real state		Other real collateral	
	Number of transactions	Amount	Number of transactions	Amount	Number of transactions	Amount	Number of transactions	Amount	Number of transactions	Amount	Number of transactions	Amount	Number of transactions	Amount	Number of transactions	Amount	Number of transactions	Amount	Number of transactions	Amount
< 0.5 MCVE	-	-	4	897	-	-	-	-	-	-	-	-	-	-	11	2 910	-	-	15	3 807
>= 0.5 MCVE e < 1 MCVE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7	6 550	-	-	7	6 550
>= 1 MCVE e < 5 MCVE	1	3 800	8	16 539	-	-	-	-	8	35 896	3	10 905	-	-	2	2 400	9	39 696	13	29 844
>= 5 MCVE e < 10 MCVE	-	-	-	-	1	9 400	-	-	75	608 200	-	-	-	-	-	-	76	617 600	-	-
>= 10 MCVE e < 20 MCVE	1	12 400	2	30 500	-	-	-	-	26	372 933	-	-	-	-	-	-	27	385 333	2	30 500
>= 20 MCVE e < 50 MCVE	1	34 500	2	67 894	-	-	-	-	12	338 450	-	-	-	-	-	-	13	372 950	2	67 894
>= 50 MCVE	1	541 994	2	1 045 863	1	128 300	-	-	-	-	-	-	-	-	-	-	3	670 294	2	1 045 863
Total	4	592 694	18	1 161 693	2	137 700	-	-	121	1 355 479	3	10 905	-	-	20	11 860	128	2 085 873	41	1 184 458

The guarantee coverage ratio for operations in the Corporate, Construction, CRE and Housing segments, as at December 31, 2023 and 2022, is as follows:

(Figures in thousands of escudos)

Segment /Ratio	31.12.2023				
	Number of properties	Exposure with low credit risk	Exposures with significant increase in credit risk	Exposures when there's impairment	Impairment
Constructions and CRE					
< 100%	-	-	-	-	-
<= 125% e > 100%	-	-	-	-	-
<= 150% e > 125%	-	-	-	-	-
>= 150%	2	9 631	1 801	-	313
No associated collateral		-	169	-	6
Corporate					
< 100%	-	1 898 053	-	-	7 324
<= 125% e > 100%	-	193 961	3 361 381	-	-
<= 150% e > 125%	1	165 000	251 258	-	7 832
>= 150%	2	40 212	-	6 006	183
No associated collateral		816 780	-	1 502	35 209
Mortgage					
< 100%	2	26 306	-	-	20
<= 125% e > 100%	9	62 750	-	-	40
<= 150% e > 125%	8	43 200	-	-	9
>= 150%	99	406 166	-	22 656	409
No associated collateral		-	-	-	-
Individuals					
< 100%		11 137	-	-	-
<= 125% e > 100%		3 788	-	-	-
<= 150% e > 125%		4 755	-	-	-
>= 150%	2	20 620	-	-	935
No associated collateral		28 348	2 894	103	381
Total	125	3 730 706	3 617 504	30 267	52 661

((Figures in thousands of escudos))

Segment /Ratio	31.12.2022				
	Number of properties	Exposure with low credit risk	Exposures with significant increase in credit risk	Exposures when there's impairment	Impairment
Construction and CRE					
< 100%	-	-	-	-	-
<= 125% e > 100%	-	-	-	-	-
<= 150% e > 125%	-	-	-	-	-
>= 150%	2	24 989	-	197	731
No associated collateral		15 833	-	-	-
Corporate					
< 100%	-	1 067 630	670	31 107	33 526
<= 125% e > 100%	-	-	-	2 329	-
<= 150% e > 125%	1	335 773	-	-	9 449
>= 150%	4	38 754	-	5 808	172
No associated collateral		5 191 747	886	2 057	45 353
Mortgage					
< 100%	5	27 647	-	-	27
<= 125% e > 100%	5	29 293	-	-	12
<= 150% e > 125%	7	38 064	-	4 504	62
>= 150%	104	427 632	-	28 739	770
No associated collateral		-	-	-	-
Individuals					
< 100%		21 416	-	-	127
<= 125% e > 100%		6 560	-	-	5
<= 150% e > 125%		2 749	-	-	5
>= 150%	1	9 196	-	-	1 132
No associated collateral		3 470	-	324	205
Total	129	7 240 751	1 556	75 067	91 576

NOTE 18: Repurchase Agreement Assets

As at December 31, 2023, the Bank had CVE 1.04 million (2022: 1.47 million) in securities in its portfolio assigned with a repurchase agreement, classified as a money market instrument.

NOTE 19: Other tangible assets

This item breaks down as follows:

(Figures in thousands of escudos)

	31.12.2023	31.12.2022
Real Estate		
Buildings	212 827	212 827
Works in rented properties	38 352	38 352
	251 178	251 178
Equipment		
Furniture and supplies	50 357	44 726
IT equipment	47 665	31 895
Interior installations	17 840	17 061
Safety equipment	12 446	12 446
Machinery and tools	10 358	10 227
Transportation equipment	6 737	6 737
	145 403	123 092
Assets under operating lease		
Equipment	11 861	18 591
Right-of-use assets	13 790	16 375
	25 650	34 966
Tangible assets in progress		
Equipment	5 854	15 828
Real state	451	515
	6 304	16 343
Depreciation	(229 819)	(203 372)
Impairment	-	-
TOTAL	198 718	222 208



This item breaks down as follows:

(Figures in thousands of escudos)

	Balances at 31.12.22			Movements in 2023				Balances at 31.12.23		
	Gross Value	Accumulated amortization	Net value	Acquisitions	Transfers	Adjustments Fix. Ass.Value	Depretiation for the year	Gross Value	Accumulated amortization	Net value
Real Estate										
Buildings	212 827	83 542	129 285	-	-	-	11 036	212 827	94 578	118 249
Works in rented properties	38 352	27 784	10 568		-		1 577	38 352	29 360	8 992
	251 178	111 325	139 853	-	-	-	12 612	251 179	123 938	127 241
Equipment										
Transportation equipment	6 738	3 425	3 313	-	-	-	760	6 738	4 185	2 553
Furniture and supplies	44 726	33 103	11 623	5 631	-	-	3 724	50 357	36 827	13 530
IT equipment	31 895	24 775	7 120	4 568	11 201	-	5 954	47 665	30 729	16 935
Interior installations	17 061	13 394	3 667	390	390	-	861	17 840	14 255	3 585
Safety equipment	12 446	9 668	2 778	-	-	-	1 405	12 446	11 073	1 373
Machinery and tools	10 227	7 681	2 546	131	-	-	1 130	10 358	8 811	1 547
	123 093	92 047	31 046	10 720	11 591	-	13 834	145 404	105 881	39 523
Assets under operating lease										
Equipment	23 220	4 629	18 591				4 280	23 220	8 909	14 311
Right-of-use assets	18 518	2 143	16 375			(2 450)	2 586	16 068	4 728	11 340
	41 738	6 772	34 966	-	-	(2 450)	6 866	39 288	13 638	25 651
Tangible assets in progress										
Equipment	15 828	-	15 828	1 756	(11 591)	(140)	-	5 854	-	5 854
Works in rented properties	515	-	515	-		(64)	-	451	-	451
	16 343	-	16 343	1 756	(11 591)	(204)	-	6 304	-	6 304
	432 353	210 144	222 208	12 476	-	(2 654)	33 312	442 175	229 819	198 718

In 2022, this item breaks down as follows:

(Figures in thousands of escudos)

	Balances at 31.12.21				Movements in 2022					Balances at 31.12.22			
	Gross	Accumulated	Imparidade	Net	Acquisitions	Adjustments		Depreciation	Imparidade	Gross	Accumulated	Imparidade	Net
	Value	amortization	acumulada	value		Fix. Ass. Value	Deprec	for the year		Value	amortization	acumulada	value
Real Estate													
Buildings	212 827	72 506	34 667	105 653	-	-	-	11 036	(34 667)	212 827	83 542	-	129 285
Works in rented properties	38 352	26 108	-	12 244	-	-	-	1 676	-	38 352	27 784	-	10 568
	251 178	98 614	34 667	117 897	-	-	-	12 711	(34 667)	251 178	111 325	-	139 853
Equipment													
Transportation equipment	6 738	2 665	-	4 072	-	-	-	760	-	6 738	3 425	-	3 313
Furniture and supplies	42 890	29 706	-	13 183	1 836	-	-	3 397	-	44 726	33 103	-	11 623
IT equipment	28 675	21 177	-	7 498	3 220	-	-	3 598	-	31 895	24 775	-	7 120
Interior installations	17 061	12 021	-	5 039	-	-	-	1 373	-	17 061	13 394	-	3 666
Safety equipment	12 446	8 248	-	4 198	-	-	-	1 420	-	12 446	9 668	-	2 778
Machinery and tools	9 951	6 613	-	3 338	276	-	-	1 068	-	10 227	7 681	-	2 546
	117 760	80 431	-	37 329	5 333	-	-	11 616	-	123 093	92 046	-	31 046
Assets under operating lease													
Right-of-use assets	18 745	-	-	18 745	23 220	(227)	-	6 772	-	41 738	6 772	-	34 966
	18 745	-	-	18 745	23 220	(227)	-	6 772	-	41 738	6 772	-	34 966
Tangible assets in progress													
Equipment	140	-	-	140	15 688	-	-	-	-	15 828	-	-	15 828
Works in rented properties	463	-	-	463	52	-	-	-	-	515	-	-	515
	602	-	-	602	15 740	-	-	-	-	16 343	-	-	16 343
	388 286	179 045	34 667	174 574	44 293	(227)	-	31 099	(34 667)	432 352	210 144	-	222 208

NOTE 20: Intangible Assets

This item breaks down as follows:

(Figures in thousands of escudos)

	31.12.2023	31.12.2022
Automatic information processing systems (software)	220 536	209 189
Intangible assets in progress	700	700
Amortization	(204 579)	(198 610)
Impairment	(4 329)	(7 578)
TOTAL	12 328	3 700

Intangible assets in progress represent the cost incurred with developments to improve the core system in use by the bank, in order to meet specific needs.

The change in this item, as at December 31, 2023, was as follows:

(Figures in thousands of escudos)

	Balances at 31.12.22				Moviments in 2023			Balances at 31.12.23			
	Gross Value	Accumulated amortization	Accumulated impairment	Net value	Acquisitions	Depretiation for the year	impairment for the year	Gross Value	Accumulated amortization	Accumulated impairment	Net value
Software	209 188	198 614	7 574	3 000	11 348	5 969	(3 249)	220 536	204 583	4 325	11 628
Software (in progress)	700	-	-	700	-	-	-	700	-	-	700
	209 888	198 614	7 574	3 700	11 348	5 969	(3 249)	221 236	204 583	4 325	12 328

As at December 31, 2022, it was as follows:

(Figures in thousands of escudos)

	Balances at 31.12.21				Moviments in 2022			Balances at 31.12.22			
	Gross Value	Accumulated amortization	Accumulated impairment	Net value	Acquisitions	Depretiation for the year	impairment for the year	Gross Value	Accumulated amortization	Accumulated impairment	Net value
Software	208 444	190 060	16 230	2 154	744	8 553	(8 655)	209 188	198 614	7 574	3 000
Software (in progress)	700	-	-	700	-	-	-	700	-	-	700
	209 144	190 060	16 230	2 854	744	8 553	(8 655)	209 888	198 614	7 574	3 700

NOTE 21: Current and Deferred Tax Assets and Liabilities

The Bank is subject to Corporate Income Tax (IRPC).

Current income tax is reflected in income for the year, except in cases where the transactions that gave rise to it have been reflected in other equity items. In these situations, the corresponding tax is also reflected against equity, not affecting the income for the year.

The current tax for the years ended December 31, 2023 and 2022 was calculated based on a rate of 22.44%, comprising a nominal rate of IRPC and Fire Protection Fee, in accordance with Law no. 82/ VIII/2014, dated January 8, 2015. The Bank's IRPC self-assessment is subject to inspection and possible adjustment by the Tax Authorities, for a period of three years. Thus, possible additional tax assessments may take place, essentially due to different interpretations of tax legislation. However, the Bank's Board of Directors is convinced that, in the context of its financial statements, there will be no additional charges of significant value.

This item breaks down as follows:

(Figures in thousands of escudos)

	31.12.2023		31.12.2022	
	Asset	Liability	Asset	Liability
Current tax assets	68 102	(120 425)	40 654	23 854
Income Tax (IRPC) - estimate	57 665	(120 425)	23 602	23 854
Payment on account	10 437	-	17 051	

The tax rate reconciliation can be analyzed as follows:

(Figures in thousands of escudos)

	31.12.2023	31.12.2022
Income before tax	768 219	486 890
Tax Rate	22,44%	22,44%
Theoretical IRPC cost	172 388	109 258
Other costs / deductions	(62 096)	(65 214)
Deductible tax losses	-	(14 404)
Tax benefits	(22 133)	(7 606)
Current income tax for the year	88 160	22 034
Autonomous taxation	111	221
Income tax	88 271	22 255
Effective tax rate	11,5%	4,6%

Considering the tax legislation in force in the country, negative results from previous years may be recovered through tax credit, within a period of up to 7 years, subsequent to the recognition of these losses, at the rate of 50% of the annual benefit.

In 2022, the recognized deferred tax assets were used and temporary differences were recognized, resulting in the recording of deferred tax liabilities amounting to CVE 26 million.

Deferred tax assets are recorded as follows:

(Figures in thousands of escudos)

	31.12.2023	Moviments 2023		31.12.2022
		Recognized in Income	Recognized in Reserves	
Balance				
Deferred tax assets	5 612	-	(14 881)	20 494
Deferred Tax Liabilities	-		-	-
Reserves	23 465	-	14 881	8 584
Deferred Income Tax Liabilities	8 757	8 757	-	26 349
Deferred Income Tax Assets	-	-	-	-

NOTE 22: Other Assets

This item breaks down as follows:

(Figures in thousands of escudos)

	31.12.2023	31.12.2022
Miscellaneous debtors		
Receivables	231 455	250 785
Assets acquired in own credit recovery	130 311	150 088
Other cash equivalents	47 921	130 243
Others	890	890
Others administrative expenses	22 015	7 538
Other adjustment accounts	74 076	102 751
Impairment of Assets acquired in own credit recovery	(11 067)	(25 468)
TOTAL	495 600	616 827

The value of Assets acquired in recovery of own credit corresponds to the balance relating to foreclosed properties from 2016 to 2022. The latter are valued in accordance with the accounting policy described in Note 2.2 m).

The changes in the impairment of assets acquired in recovery of own credit are presented as follows:

(Figures in thousands of escudos)

	31.12.2023	31.12.2022
Initial balance	25 468	26 894
Reversals	(14 401)	(1 426)
Final Balance	11 067	25 468

The fair value and net book value of foreclosed properties, in 2023 and 2022, by asset type and by age, is presented in the following tables:

(Figures in thousands of escudos)

Assets	31.12.2023				
	Number of properties	Fair value of the asset	Book value	Impairment	Net book value
Constructed building					
Housing	5	101 340	100 540	0	7 741
Land					
Urban	1	32 000	29 772	0	3 325
Total	6	133 340	130 311	0	11 067

(Figures in thousands of escudos)

Assets	31.12.2022				
	Number of properties	Fair value of the asset	Book value	Impairment	Net book value
Constructed building					
Housing	8	110 950	120 317	0	22 696
Land					
Urban	1	34 000	29 772	0	2 772
Total	9	144 950	150 088	0	25 468

(Figures in thousands of escudos)

31.12.2023								
Time elapsed since the foreclosure	>= 1 ano e < 2,5 anos		>= 2,5 anos e < 5 anos		>5 anos		Total	
	Fair value of the asset	Book value	Fair value of the asset	Book value	Fair value of the asset	Book value	Fair value of the asset	Book value
Constructed building								
Housing	-	-	25 850	22 942	75 490	77 598	101 340	100 540
Land								
Urban	-	-	-	-	32 000	29 771	32 000	29 771
Total	-	-	25 850	22 942	107 490	107 369	133 340	130 311

(Figures in thousands of escudos)

31.12.2022								
Time elapsed since the foreclosure	>= 1 ano e < 2,5 anos		>= 2,5 anos e < 5 anos		>5 anos		Total	
	Fair value of the asset	Book value	Fair value of the asset	Book value	Fair value of the asset	Book value	Fair value of the asset	Book value
Constructed								
Housing	26 000	22 942	10 000	12 375	74 950	85 000	110 950	120 317
Land								
Urban	-	-	-	-	34 000	29 772	34 000	29 772
Total	26 000	22 942	10 000	12 375	108 950	114 772	144 950	150 088

NOTE 23: Funds of Central Banks and Other Financial Institutions

(Figures in thousands of escudos)

	31.12.2023	31.12.2022
Central banks funds	10 009 324	9 434 339
Funds of other credit institutions	6 703 431	6 319 241
Interest	128 503	57 876
TOTAL	16 841 259	15 811 456

NOTE 24: Customer Funds and Other Loans

This item breaks down as follows:

(Figures in thousands of escudos)

	31.12.2023	31.12.2022
Deposits	16 841 835	14 913 555
Demand deposit	10 775 582	10 766 432
Time deposit	6 066 253	4 147 123
Interest	104 190	84 140
TOTAL	16 946 025	14 997 695

Customer Funds by maturity, as at December 31, 2023 and December 31, 2022, are as follows:

(Figures in thousands of escudos)

	31.12.2023	31.12.2022
Payable on sight	10 775 582	10 766 432
Payable on due date	6 170 443	4 231 263
Up to 3 months	1 629 592	185 694
3 month to 1 year	3 077 015	545 087
1 to 5 year	1 463 836	3 500 482
TOTAL	16 946 025	14 997 695

Customer funds due at maturity were contracted at an average annual rate of 2.26% (December 31, 2022: 2.22%).

NOTE 25: Liabilities Represented by Securities and Subordinated Liabilities

In FY 2023, as part of the national capital market development program, the Bank issued three debt securities, totaling CVE 1.10 billion.

The issues include the first public offerings of Blue Bonds and Green Bonds in Cabo Verde, with an average maturity of 4 years, being segmented as follows:

(Figures in thousands of escudos)

	31.12.2023	31.12.2022
Liabilities represented by securities	3 980 682	2 911 611
Sustainable Bonds	1 260 470	300 000
Social bonds	300 000	300 000
Blue Bonds	350 000	-
Green Bonds	610 470	-
Seniore Bonds	2 400 000	2 400 000
Credit Linked Note	312 200	209 000
Interest	8 012	2 611
Subordinated liabilities	234 025	233 131
Subordinated Bonds	230 000	230 000
Interest	4 025	3 131
Total	4 214 707	3 144 741

The Blue and Green Bonds were issued with the participation of the United Nations Development Program (“UNDP”) and the Joint SDG Fund, called the “iib Marine and Ocean-based Blue Bond” and the “iib Renewable and Energy-Efficiency Green Bond.” The purpose of the blue bond is to enable the financing of structural projects, as well as the development and financial inclusion of small entrepreneurs in coastal communities, while the green bond is linked to iib's sustainability and social responsibility policy, which allocates part of the funds to support the Agostinho Neto University Hospital.

(Figures in thousands of escudos)

Designation	Date of issuance	Due Date	Amortization Type	Interest Payment Frequency	Interest Rate	Balance Amount	Nominal value
iib Subordinated Participation Bond Series A (TD + 3,25%) - 2022 2032	10-ago-2022	10-ago-2032	At maturity	Semi-annual	3,50%	234 025	230 000
iib Solidary Indexed Bond Series B (2,95% + SOS) - 2022 2024	18-nov-2022	18-nov-2024	At maturity	Annual	3,10%	301 111	300 000
iib PRAE - Program fo Economic Support Series A (5% TANB) - 2022 2027	30-nov-2022	01-dez-2027	Quarterly	Quarterly	5,00%	167 920	209 000
iib 3S Senior Bond Série C (3%) - 2022 2025	28-dez-2022	28-dez-2025	At maturity	Annual	3,00%	2 400 600	2 400 000
iib Marine and ocean-based Blue Bond Série D - 4% 2023 2028	01-mar-2023	01-mar-2028	At maturity	Semi-annual	4,00%	354 706	350 000
iib PRAE - Program for restructuring and economic support Series B (4% TANB) - 2023 2027	08-set-2023	08-set-2027	At maturity	Quarterly	4,00%	145 354	145 000
iib Renewable and energy efficiency Green Bond Série E 3,5% 2023 2026	28-dez-2023	28-dez-2026	At maturity	Semi-annual	3,50%	610 651	610 470

NOTE 26: Provisions

(Figures in thousands of escudos)

	31.12.2023	31.12.2022
Provisions for Commitments	1 872	2 263
Provisions for Tax Contingencies	75 337	-
Total	77 208	2 263

The changes in provisions are presented as follows:

(Figures in thousands of escudos)

	31.12.2023	31.12.2022
Initial Balance	2 263	3 156
Reversals	(583)	(918)
Allocations	75 529	24
Ending Balance	77 208	2 263

The portfolio guarantee coverage (see Note 31) is summarized as follows:

(Figures in thousands of escudos)

	31.12.2023	31.12.2022
Guarantees Provided	599 666	1 037 415
Provisions	77 208	2 263
Level of Coverage	12,88%	0,22%

NOTE 27: Other Liabilities

This item breaks down as follows:

(Figures in thousands of escudos)

	31.12.2023	31.12.2022
Costs payable		
Administrative costs	5 811	17 414
IT services	-	9 819
Audit and consulting services	4 597	5 375
Other Administrative costs	1 214	2 220
Staff costs	30 323	20 721
Lease liabilities	26 762	35 992
Miscellaneous creditors		
General Government sector	40 635	9 973
Other creditors	44 456	32 800
Transfers issued to offset	19 850	13 829
Other adjustment accounts	18 276	424 517
TOTAL	186 115	555 246

Lease liabilities represent the recognition of lease liabilities related to lease agreements, as a result of the adoption of IFRS 16. The item "Other adjustment accounts" essentially includes CVE 12 million relating to documentary credit pending settlement.

NOTE 28: Capital

The Bank's share capital amounts to CVE 1.433 billion (equivalent to 1,433,000 shares) and is fully paid-up, being 90% held by iib Group Holding WLL and 10% by Novo Banco África SGPS, SA.

(Figures in thousands of escudos)

	31.12.2023	31.12.2022
Subscribed Capital	1 433 000	1 433 000
Of which common stock	1 433 000	1 433 000

NOTE 29: Revaluation Reserves

This item includes the revaluation of securities at fair value, as well as the revaluation of tangible assets, namely computer equipment, machines and tools. It also includes impairment of Securities, using the Other Comprehensive Income (OCI) method.

(Figures in thousands of escudos)

	31.12.2023	Movements in 2023	31.12.2022
Fair value of securities	172 620	64 183	108 438
Impairment of securities - OCI	(68 051)	2 134	(70 184)
Revaluation of Non-Financial Assets	233	-	233
Other Revaluation Reserves	880	-	880
Deferred Taxes securities Impairment	30 696	(479)	31 174
Deferred Taxes Securities	(54 161)	(14 403)	(39 758)
TOTAL	82 218	51 435	30 783

NOTE 30: Other Reserves and Retained Earnings

This item includes legal reserves (10%) and other reserves (90%), arising from the transfer of income from previous years, broken down as follows:

(Figures in thousands of escudos)

	Other Reserves and Retained Earnings			
	Legal Reserve	Other Reserves	Retained Earnings	Total
Balance as at December 31, 2021	60 000	67 037	(117 583)	9 454
Transfer of Income to Reserves	33 715	303 439	-	337 155
Other changes	-	-	-	-
Balance as at December 31, 2022	93 716	370 476	(117 583)	346 609
Transfer of Income to Reserves	43 314	389 826	-	433 140
Other changes	-	-	-	-
Balance as at December 31, 2023	137 030	760 302	(117 583)	779 749

The legal reserve can only be used to cover accumulated losses or to increase capital. The legislation applicable to the banking sector requires that the legal reserve be credited annually with at least 10% of annual net income, up to the amount of share capital.

NOTE 31: Contingent Liabilities and Commitments

Contingent liabilities and commitments related to the Bank's activities are recorded in off-balance sheet items and break down as follows:

(Figures in thousands of escudos)

	31.12.2023	31.12.2022
Guarantees provided	599 666	1 037 415
Documentary Credits	-	15 798
TOTAL	599 666	1 053 213

NOTE 32: Related Party Transactions

The amount of the Bank's transactions with related parties in the years ended December 31, 2023 and 2022, as well as the respective costs and income recognized in the year, is summarized as follows:

(Figures in thousands of escudos)

	31.12.2023				31.12.2022			
	Assets	Liabilities	Earnings	Costs	Assets	Liabilities	Earnings	Costs
Shareholder								
NOVO BANCO, S.A,	4 722 635	-	35 642	-	899 106	-	1 863	-
IIBG Holdings	168 545	14 137	-	-	205 072	21 594	-	-
Other related parties								
IIB Djibouti	10	6 487	-	-	-	17 691	2 824	-
IIB Limited	4 858 100	303	163 449	119 680	5 266 242	81 526	152 103	-
IIB System	14 215	-	-	1 594	-	-	-	-
TOTAL	9 763 504	20 928	199 091	121 274	6 370 419	120 811	156 789	-

The assets on the balance sheet regarding related parties, included in the table above, essentially refer to deposits and investments in foreign currency in these entities, which bear interest at current market rates.

In addition, as at December 31, 2023, the Bank had a receivable of CVE 169 million, arising from payments on behalf of other entities of the group.

NOTE 33: Fair Value of Financial Assets and Liabilities

The fair value of financial assets and liabilities measured at the Balance Sheet's fair value, as at December 31, 2023 and 31 December 2022, is as follows:

(Figures in thousands of escudos)

31.12.2023			
Valued at Fair Value			
Market Quotes (Level 1)	Valuation models with observable market parameters/prices (Level 2)	Valuation models with non-observable market parameters (Nível 3)	Total Fair Value
Financial Assets at Fair Value through Other Comprehensive Income			
-	11 167 887	-	11 167 887
Other financial assets at fair value through profit or loss			
-	-	3 608 086	3 608 086
-	11 167 887	3 608 086	14 775 973

(Figures in thousands of escudos)

31.12.2022			
Valued at Fair Value			
Market Quotes (Level 1)	Valuation models with observable market parameters/prices (Level 2)	Valuation models with non-observable market parameters (Nível 3)	Total Fair Value
Financial Assets at Fair Value through Other Comprehensive Income			
-	10 237 942	-	10 237 942
-	62 764	-	62 764
-	10 300 706	-	10 300 706

The Bank's assets and liabilities at fair value are valued according to the following hierarchy, in accordance with IFRS 13 – Fair Value Measurement:

Market quote values (level 1)

This category includes financial instruments with quotes available on official markets and those where there are entities that routinely disclose transaction prices for such instruments traded on liquid markets.

Valuation methods with observable market parameters/prices (level 2)

This category includes financial instruments valued using internal models, namely discounted cash flow and option valuation models, which imply the use of estimates and

require judgments that vary according to the complexity of the products being valued. Nevertheless, the Bank uses variables made available by the market as inputs in its models, such as interest rate curves, credit spreads, volatility and price indices. It also includes instruments whose valuation is obtained through quotes disclosed by independent entities, but whose markets have lower liquidity. Additionally, the Bank uses as observable market variables, those that result from transactions with similar instruments and that are recurring in the market.

Valuation methods with non-observable market parameters (level 3)

This level includes valuations determined using internal valuation models or quotes provided by third parties, but whose parameters are not observable in the market. The foundations and assumptions for calculating fair value are in accordance with the principles of IFRS 13.

Financial instruments at amortized cost

The following table presents an analysis of the categories of financial instruments recognized at amortized cost in the financial statements with reference to December 31, 2023 and December 31, 2022:

(Figures in thousands of escudos)

31.12.2023					
Assets/Liabilities recorded at amortized cost	Market Quotes (Level 1)	Valuation models with observable market parameters/prices (Level 2)	Valuation models with non-observable market parameters (Level 3)	Total Fair Value	
Assets					
Cash and balances in central Banks	817 943	-	817 943	-	817 943
Cash equivalents at other credit institutions	4 160 069	-	4 160 069	-	4 160 069
Investments in credit institutions	12 272 993	-	12 272 993	-	12 272 993
Customer loans	7 431 368	-	-	7 431 368	7 431 368
	24 682 373	-	17 251 005	7 431 368	24 682 373
Liabilities					
Central banks' funds	10 110 108	-	-	10 110 108	10 110 108
Funds of other credit institutions	6 731 151	-	-	6 731 151	6 731 151
Customer funds and other loans	16 946 025	-	-	16 946 025	16 946 025
	33 787 284	-	-	33 787 284	33 787 284

(Figures in thousands of escudos)

31.12.2022					
Ativos/Passivos registados ao custo amortizado	Cotações de Mercado (Nível 1)	Modelos de valorização com parâmetros/ preços observáveis no mercado (Nível 2)	Modelos de valorização com parâmetros não observáveis no mercado (Nível 3)	Justo valor total	
Assets					
Cash and balances in central Banks	778 165	-	778 165	-	778 165
Cash equivalents at other credit institutions	448 945	-	448 945	-	448 945
Investments in credit institutions	15 607 800	-	15 607 800	-	15 607 800
Customer loans	7 267 348	-	-	7 267 348	7 267 348
	24 102 258	-	16 834 910	7 267 348	24 102 258
Liabilities					
Central banks' funds	9 492 215	-	-	9 492 215	9 492 215
Funds of other credit institutions	6 319 241	-	-	6 319 241	6 319 241
Customer funds and other loans	14 997 695	-	-	14 997 695	14 997 695
	30 809 151	-	-	30 809 151	30 809 151



The main methodologies and assumptions used to estimate the fair value of financial assets and liabilities recorded in the balance sheet at amortized cost are analyzed as follows:

Cash and Cash Equivalents at Central Banks, Cash Equivalents at Other Credit Institutions and Investments in Credit Institutions

These are very short-term assets, so the balance sheet value is a reasonable estimate of their fair value.

Customer Loans

The fair value of customer loans is estimated based on the updated expected cash flows from principal and interest, considering that the payments are made on the contractually stipulated dates. The expected future cash flows from homogeneous loan portfolios, such as mortgage loans, are estimated on a portfolio basis. The discount rates used are the current rates for similar loans, which have not changed significantly since the time the current agreements were signed.

Central bank funds and Funds of other credit institutions

These are short-term liabilities, so the balance sheet value is a reasonable estimate of their fair value.

Customer Funds and Other Loans

The fair value of these financial instruments is estimated based on the updated expected cash flows from principal and interest. The discount rate used reflects the rates applied on deposits with similar characteristics at the balance sheet date. Considering that the applicable interest rates are renewed for periods of less than one year, there are no material differences in their fair value.

NOTE 34: Activity Risk Management

Given the uncertainties generated by the Covid-19 pandemic and the increased risks associated with banking, combined with the contraction of the economy, it has become challenging to effectively measure the Bank's risks, which directly impacted the granting of new loans, maintaining portfolio quality and, at the same time, managing to preserve the soundness and profitability of banking products.

The Risk Management Department, one of the Bank's main lines of defense, is responsible for identifying and monitoring the risks that threaten its activities, developing tools to measure them, establishing and monitoring exposure limits, in order to ensure adequate risk coverage and provide stakeholders with a comprehensive view of the institution's risk profile.



Risk Management activities are governed by principles aligned with the Bank's strategy and business model, namely the Department's independence from the Business Units, support for effective decision-making on the risks associated with activities and operations, always ensuring adequate risk control.

libCV's Risk Management model is in line with international best practice and in harmony with the Board's guidelines regarding exposure levels, taking into account the Regulator's requirements and recommendations, as set out in Notice no. 02/2013.

The Bank is exposed to various risks arising from the use of financial instruments, which are analyzed below:

Credit Risk

Credit risk results from the probability of financial losses resulting from total or partial default by a customer or counterparty with respect to contractual obligations established with the Bank, as part of its credit activity, and is controlled by the Overall Risk Department, which is responsible for systematically monitoring all contracted operations, in conjunction with the other units of the Bank and Group.

This method helps to identify the main default triggers in a timely manner, enabling an adequate monitoring of the risk in the loan portfolio, given that the credit risk management function intervenes in all processes that involve this risk, namely by analyzing, approving and contracting credit operations; accounting of operations; monitoring loan agreements; identifying customers at risk (default); controlling and updating the amount of guarantees received; designing risk models; calculating provisions and portfolio impairment; producing and reporting credit data and statistics, culminating in the process of recovering overdue loans.

The loan portfolio is continuously monitored, emphasizing interaction between the teams involved throughout the successive stages of the credit process. This approach is reinforced by the introduction of successive improvements, both in terms of risk assessment and control methodologies and tools and in terms of procedures and decision circuits, in partnership with the Group.

The Bank's credit risk profile, namely with regard to the evolution of credit exposures and possible losses, is monitored periodically by a committee.

Regarding the Bank's maximum exposure to credit risk, the table below shows the position at the end of the year:

(Figures in thousands of escudos)

	31.12.2023	31.12.2022
Cash equivalents and investments in credit institutions	17 251 006	16 834 910
Financial assets held for trading	70 000	901
Other financial assets at fair value through profit or loss	3 608 086	-
Financial Assets at Fair Value through Other Comprehensive Income	11 167 887	10 300 706
Assets with repurchase agreement	1 043 190	1 471 039
Customer loans	7 431 368	7 267 348
Other assets	130 311	249 125
Guarantees and sureties provided	599 666	1 037 415
Documentary credits	-	15 798
TOTAL	41 301 514	37 177 242

For financial assets recognized in the balance sheet, the maximum exposure to credit risk is represented by the book value net of impairment. For off-balance sheet items, the maximum exposure for guarantees is the maximum amount that the Bank would have to pay if the guarantees were called. For loan commitments and other irrevocable loan-related commitments, the maximum exposure is the total amount of commitments undertaken.

In 2023, impairment by asset class was as follows:

(Figures in thousands of escudos)

	Corporate (Funding)	Mortgage loans	Consumer	Total
Impairment of initial loans	89 232	786	1 558	91 576
Addition/Reversal in the period	(7 960)	(30 897)	(247)	(39 104)
Use in the period	-	(173)	-	(173)
Other movements	-	362	-	362
Final loan impairment	81 272	(29 922)	1 311	52 661

In 2022, impairment by asset class was as follows:

(Figures in thousands of escudos)

	Corporate (Funding)	Mortgage loans	Consumer	Total
Impairment of initial loans	87 855	11 133	2 167	101 156
Addition/Reversal in the period	1 377	11 027	(609)	11 795
Use in the period	-	(21 374)	-	(21 374)
Final loan impairment	89 232	786	1 558	91 576

As at December 31, 2023, the loan portfolio quality was as follows:

(Figures in thousands of escudos)

	Corporate	Individuals Mortgage	Consumer	Total
Not overdue with impairment	1 727 770	493 220	66 723	2 287 713
Overdue loans with impairment	5 017 985	67 858	4 921	5 090 764
Less than 30 days	1 395 867	45 202	1 924	1 442 993
30 to 90 days	3 614 610	-	2 894	3 617 504
91 to 180 days	-	4 321	-	4 321
181 to 360 days	-	-	-	-
Over 360 days	7 508	18 335	103	25 946
Total	6 745 755	561 078	71 644	7 378 477

As at December 31, 2022, the loan portfolio quality was as follows:

(Figures in thousands of escudos)

	Corporate	Individuals Mortgage	Consumer	Total
Not overdue with impairment	5 621 512	522 636	42 111	6 186 258
Overdue loans with impairment	1 096 268	33 242	1 604	1 131 115
Less than 30 days	1 053 213	-	1 280	1 054 493
30 to 90 days	1 556	-	-	1 556
91 to 180 days	-	-	-	-
181 to 360 days	8 063	-	-	8 063
Over 360 days	33 437	33 242	324	67 004
Total	6 717 780	555 878	43 715	7 317 373

Market Risk

Market risk encompasses three different risks (interest rate, liquidity and foreign exchange risk) and generally represents a possible loss resulting from an adverse change in the value of a financial instrument, such as changes in interest rates, exchange rates, share and commodity prices, volatility or credit spread.

Market risk management is integrated into balance sheet management, based on the risk appetite policy. This method is responsible for providing elements for setting balance sheet allocation and structuring policies, as well as for controlling liquidity and exposure to interest rate and foreign exchange risks.

Interest Rate Risk

Interest rate risk results from adverse changes in the interest rates of banking book items. Estimating exposure to interest rate risk implies the classification of all interest rate-sensitive asset, liability and off-balance sheet items, by repricing gap, in accordance with



the Bank for International Settlements (BIS) methodology proposed by Banco de Cabo Verde. In addition to this calculation model, the Bank conducts a specific stress test, considering the assumption of massive mobilization of part of customer funds.

libCV's interest rate risk level is not very significant, so hedging operations are carried out with a view to mitigating and controlling liquidity risk.

The Bank has a positive overall repricing gap, a favorable position for income, indicating that a positive change in interest rates would lead to an increase in net interest income.

Foreign exchange risk

Foreign exchange risk arises from changes in the exchange rates used to convert banking book items in foreign currency to the base currency (CVE). That is, it is associated with currencies with exchange rate volatility against the Cabo Verde escudo (CVE), particularly the US dollar (USD), whose value is more volatile and in relation to which the Bank has a positive matching. In terms of foreign exchange position, this means that it has a higher volume of exchange rate-sensitive assets than liabilities, making it more capable of hedging this risk.

The risk that the US Dollar (USD) represents is 100% hedged by foreign exchange trading (buying/selling foreign currency) with other financial institutions, in order to keep the foreign exchange position in that currency balanced or at minimum and low risk levels, giving the Bank an overall low risk profile with regard to foreign exchange exposure.

Liquidity Risk

Liquidity risk results from the institution's potential inability to finance assets, when the required liabilities are fulfilled on the due dates, and from the existence of potential difficulties in settling positions in the portfolio without incurring significant losses.

With regard to monitoring, deposit and loan concentration are continuously controlled and the loan-to-deposit (LtD) ratio is monitored, with the position of different currencies being calculated on a daily basis, which helps to permanently quantify and mitigate liquidity risk and foreign currency exposure.

The purpose of controlling liquidity levels is to maintain a level of available funds to meet short, medium and long-term financial needs, systematically seeking to assess overall exposure to liquidity risk, by preparing daily cash flow information which, in addition to identifying negative mismatches, helps to determine elements to hedge them in a timely manner.

The liquidity risk assessment revealed a high overall liquidity level (low risk), with a positive gap, which shows the Bank's solidity and ability to finance its activities. The overall 49% LtD confirms the Bank's level of available funds to fulfill its responsibilities.

The Bank currently has a significant portfolio of liquid or liquidable assets in the very short-term, essentially concentrated in Investments in credit institutions (see Note 13), to cover the nature and duration of its liabilities.

As at December 31, 2023, the contractual residual maturities of the financial instruments were as follows:

(Figures in thousands of escudos)

	Up to 3 months	3 months to 1 year	1 to 5 year	Over 5 years or indefinite	Total
Assets	15 986 224	5 885 741	12 048 820	7 146 351	41 067 136
Cash and balances in central banks	817 943	-	-	-	817 943
Cash equivalents at other credit institutions	4 160 069	-	-	-	4 160 069
Financial assets held for trading	-	-	70 000	-	70 000
Other financial assets at fair value through profit or loss	-	-	843 218	2 764 868	3 608 086
Financial Assets at Fair Value through Other Comprehensive Income	-	2 554 457	6 733 859	1 879 571	11 167 887
Assets with repurchase agreement	-	441 510	601 680	-	1 043 190
Investments in credit institutions	10 427 779	1 845 214	-	-	12 272 993
Customer loans	580 433	911 706	3 800 062	2 139 167	7 431 368
Other assets	-	132 855	-	362 745	495 600
Liabilities	16 761 418	6 707 503	14 485 160	234 025	38 188 106
Central banks' funds	485 181	3 381 333	6 243 594	-	10 110 108
Funds of other credit institutions	6 731 151	-	-	-	6 731 151
Customer funds and other loans	9 358 971	3 025 059	4 561 995	-	16 946 025
Liabilities represented by securities	-	301 111	3 679 571	-	3 980 682
Subordinated liabilities	-	-	-	234 025	234 025
Other liabilities	186 115	-	-	-	186 115
Off-balance guarantees	46 551	487 520	65 595	-	599 666
Spread / Gap	(821 745)	(1 309 282)	(2 501 935)	6 912 326	2 279 364
Spread / Cumulative Gap	(821 745)	(2 131 027)	(4 632 961)	2 279 364	-

Despite the negative Gap in intermediate intervals, based on historical performance, there is, on the one hand, an expectation of renewal of a significant part of liabilities, namely customers' demand deposits and, on the other hand, cancellation of liabilities represented by securities, namely the maturity of securities issued by the Bank.

As at December 31, 2022, the contractual residual maturities of the financial instruments were as follows:

(Figures in thousands of escudos)

	Up to 3 months	3 months to 1 year	1 to 5 year	Over 5 years or indefinite	Total
Assets	19 460 719	2 098 831	8 327 981	6 604 200	36 491 731
Cash and balances in central banks	778 165	-	-	-	778 165
Cash equivalents at other credit institutions	448 945	-	-	-	448 945
Financial assets held for trading	901	-	-	-	901
Financial Assets at Fair Value through Other Comprehensive Income	1 063 174	389 240	7 027 931	1 820 361	10 300 706
Assets with repurchase agreement	1 471 039	-	-	-	1 471 039
Investments in credit institutions	15 607 800	-	-	-	15 607 800
Customer loans	90 696	1 532 996	1 300 050	4 343 607	7 267 348
Other assets	-	176 595	-	440 232	616 827
Liabilities	11 163 965	12 642 043	10 470 000	233 131	34 509 138
Central banks' funds	58 215	1 873 000	7 561 000	-	9 492 215
Funds of other credit institutions	6 319 241	-	-	-	6 319 241
Customer funds and other loans	4 231 263	10 766 432	-	-	14 997 695
Liabilities represented by securities	-	2 611	2 909 000	-	2 911 611
Subordinated liabilities	-	-	-	233 131	233 131
Other liabilities	555 246	-	-	-	555 246
Off-balance guarantees	245 605	310 731	496 877	-	1 053 213
Spread / Gap	8 051 149	(10 853 943)	(2 638 896)	6 371 069	929 380
Spread / Cumulative Gap	8 051 149	(2 802 794)	(5 441 689)	929 380	-

Operational Risk

Operational risk is defined as the probability of events occurring, with negative impacts on income or capital, resulting from the inadequacy or deficiency of procedures, information systems, people's behavior or external events, falling into the following types: operational, information systems, compliance and reputational.

Operational risk management is based on principles and strategies established by the Bank, on a code of conduct and on operational risk policies and standards, through the analysis of a catalog of processes, timely communication of risk events and consequent development of measures to improve the deficiencies detected.

As operational risk manager, the Overall Risk Department is responsible for identifying, assessing and reporting risk events, whether of internal or external origin and, in collaboration with the heads of other organizational units, develop and implement measures to improve processes and mitigate risk. The responsibility for controlling operational risk is shared among all the Bank's employees, so that they cooperate in monitoring and identifying risk factors and weaknesses in the processes of their respective units, reporting incidents to the Risk Department.

During the year just ended, there were low operational risk events, related to failures in the implementation of processes, with an immaterial financial impact on the Bank's income. Additionally, improvements were made to the design of processes and procedures and the control of the main risk indicators became more efficient.

Equity Management and Solvency Ratio

The primary goal of the Bank's capital management is to ensure compliance with the institution's strategic capital adequacy objectives, respecting and enforcing the minimum capital requirements laid down by the supervisory authorities.

The Board of Directors is responsible for defining the strategy to be adopted with regard to capital management, being part of the overall definition of the Bank's objectives.

In prudential terms, the Bank is subject to supervision by Banco de Cabo Verde, which establishes the rules to be observed by the various institutions under its supervision. These rules determine a minimum equity ratio that institutions must comply with, in relation to the requirements demanded by the risks assumed, materialized through Notice no. 03/2007.

The Bank's capital elements are divided into Core Tier I, Tier II and Deductions, with the following composition:

- Capital considered as Core Tier I: This category essentially includes paid-up statutory capital, eligible reserves, retained earnings for the period, when certified, and non-controlling interests. Negative fair value reserves associated with shares or other equity instruments, the book value of amounts relating to intangible assets and, when applicable, insufficient provisions and negative income for the period are deducted.
- Tier I Capital (FPB): In addition to the amounts considered as Core Tier I, this category includes the amounts accepted by the transitional arrangements provided for in Notice no. 3/2007(5)(4), not yet recognized impact on core capital subject to transitional arrangements.
- Tier II Capital (FPC): It essentially incorporates subordinated debt eligible for positive fair value reserves associated with shares or other equity instruments. Shareholdings in financial institutions and insurance entities are deducted, as is the amount of expected losses for exposures, less the sums of value adjustments and existing provisions, resulting from the application of the IRB method for credit risk.
- Deductions (D): They essentially comprise the prudential amortization of foreclosed properties and the part that exceeds the credit risk concentration limits, as provided for in Notice no. 3/2007(12)(d).

Additionally, the composition of the capital base is subject to a set of limits. Thus, prudential rules establish that Tier II capital cannot exceed Tier I capital. In addition, certain components of Tier II capital (called Lower Tier II) cannot exceed 50% of Tier I capital.

(Figures in thousands of escudos)

	31.12.2023	31.12.2022
Paid-in capital	1 433 000	1 433 000
Positive results carried forward from previous years	346 609	9 454
Positive results for the last fiscal year	433 140	337 155
Provisional positive results for the current fiscal year	671 191	433 140
SUM	2 883 940	2 212 749
Intangible Assets	(12 328)	(3 700)
Negative results carried forward from previous years	-	-
SUM	(12 328)	(3 700)
CORE CAPITAL BEFORE THE APPLICATION OF THE TRANSITIONAL RULES	2 871 612	2 209 049
transitional rules set forth in paragraph 5 (4) of notice n° 3/2007 - still unrecognized impact on core capital,	-	-
ELIGIBLE CORE CAPITAL	2 871 612	2 209 049
Subordinated loans and redeemable preferred shares	230 000	230 000
Other revaluation reserves	74 577	49 927
ADDITIONAL EQUITY	304 577	279 927
EQUITY BEFORE DEDUCTIONS	3 176 189	2 488 976
Fixed assets received as own credit reimbursement	(86 350)	(43 813)
EQUITY FOR RISK CONCENTRATION CALCULATION	3 089 840	2 445 162
Part exceeding the risk concentration limits, paragraph 12(d) of Notice n° 3/2007	-	-
EQUITY	3 089 840	2 445 162
Risk Weighted Assets (including off-balance sheet)	6 280 641	6 825 793
Solvency Ratio	49,2%	35,8%

The Bank calculates the Solvency Ratio in accordance with the Banco de Cabo Verde Notice no. 4/2007, which defines the Solvency Ratio as a function of the ratio between equity and market risks (foreign exchange risk, operational risk credit risk), in order to monitor the adequacy between the amount of equity and the respective risks inherent to the Bank. Through this Notice, Banco de Cabo Verde establishes minimum solvency levels to be followed by the institutions subject to its supervision. Thus, Financial Institutions must achieve a Core Tier I Ratio of not less than 10%, calculated as follows:

$$\text{Solvency Ratio} = \frac{\text{Equity}}{(\text{VAPRC} + \text{VAPRTC} + \text{VEAPRO})} \times 100$$

Where:

VAPRC – Value of credit risk-weighted assets, including off-balance sheet items, determined in accordance with Annex 1 of the Notice;

VAPRTC – Value of foreign exchange risk-weighted assets, calculated in accordance with Annex 2 of the Notice;

VEAPRO - Equivalent value in operational risk-weighted assets, calculated in accordance with Annex 3 of the Notice.

NOTE 35 – IFRS Disclosures - New Standards as at December 31, 2023

1. Standards, interpretations, amendments and revisions that come into effect during the year

The following standards, interpretations, amendments and revisions endorsed by the European Union were mandatory for the first time in the year beginning on January 1, 20213:

a) IAS 1 (amendment), 'Disclosure of accounting policies'

Amendment to the disclosure requirements for accounting policies, which are now based on the definition of “material” rather than “significant.” Information relating to an accounting policy is considered material if, without it, users of the financial statements would not be able to understand other financial information included in those same financial statements.

When assessing the materiality of accounting policies, the entity must consider not only the size of the transactions but also other events or conditions and their nature.

This amendment is to be applied prospectively.

b) IAS 8 (amendment) 'Definition of accounting estimates'

This amendment introduces the definition of an accounting estimate and how it differs from changes in accounting policies and error correction. Accounting estimates are now defined as monetary amounts subject to measurement uncertainty, used to achieve the objective(s) of an accounting policy.

This amendment is to be applied prospectively.

c) IAS 12 (amendment) 'Deferred tax related to assets and liabilities arising from a single transaction'

IAS 12 now requires an entity to recognize deferred tax when its initial recognition gives rise to equal amounts of taxable temporary differences and deductible temporary differences.

Among the applicable transactions are the recording of (i) right-of-use assets and lease liabilities; (ii) provisions for dismantling, restoration or similar liabilities, and the corresponding amounts recognized as part of the cost of the related asset, when on the date of initial recognition they are not relevant for tax purposes.

Thus, these temporary differences are excluded from the scope of exemption from recording deferred taxes on the initial recognition of assets or liabilities. The cumulative effect of the initial application of this amendment is recognized as an adjustment to the opening balance of retained earnings (or other equity component) for the earliest

comparative period presented.

This amendment is to be applied retrospectively.

d) IAS 12 (amendment), ‘International Tax Reform - Pillar Two Model Rules’

This amendment arises from the implementation of the OECD's Global Anti-Base Erosion (“Globe”) rules, and comprises:

- a temporary exception to the recognition and disclosure requirements for deferred tax assets and liabilities related to Pillar Two; and
- the additional disclosure requirements for the affected entities (entities belonging to multinational groups with consolidated revenues of €750 million in at least two of the last four years), such as:
 - I. the fact that the exception was applied;
 - II. separate disclosure of the net current tax expense related to Pillar Two income taxes; and
 - III. known or reasonably estimable information to help financial statement users understand the impact of applying Pillar Two rules between the date the legislation is published and its effective date.

This amendment was developed provisionally, to be effective while the global tax system is adapting to these new rules - the IASB plans to assess whether it will be retained or withdrawn once there is sufficient clarity on how tax jurisdictions adopt the new rules, as well as their impact on entities.

The amendment is to be applied to annual periods beginning on or after January 1, 2023.

e) IFRS 17 (amendment), ‘Insurance Contracts’

IFRS 17 replaces IFRS 4 - “Insurance contracts,” a standard that has been in effect on an interim basis since 2004. IFRS 17 is applicable to all entities that issue insurance contracts, reinsurance contracts and investment contracts with discretionary participation features if they also issue insurance contracts. IFRS 17 does not apply to policyholders. When applying IFRS 17, insurance contract issuers need to assess whether the policyholder can benefit from a particular service as part of a claim, or whether that service is independent of the claim/risk event, and separate the non-insurance component, which should be dealt with under other standards (e.g. IFRS 15 - Revenue from contracts with customers or IFRS 9 - Financial instruments). On initial application of IFRS 17, entities are required to identify portfolios of insurance contracts and divide them into at least the following groups: i) contracts that are onerous on initial recognition; ii) contracts that do not present a significant possibility of subsequently becoming onerous; and iii) remaining contracts in the portfolio. IFRS 17 requires an entity to measure insurance contracts using updated estimates and assumptions that reflect the

timing of cash flows and any uncertainty related to the insurance contracts.

IFRS 17 requires an entity to recognize income as it provides insurance services (and not when it receives the premiums) and to provide information on the gains from the insurance contract that the entity expects to recognize in the future.

IFRS 17 provides for three measurement methods for accounting for different types of insurance contracts: i) General measurement model (“GMM”); ii) Premium allocation approach (“PAA”); and iii) Variable fee approach (“VFA”). When applying IFRS 17, entities must disclose qualitative and quantitative information on: a) the amounts recognized in their financial statements relating to insurance contracts; b) the significant judgements used in measuring the contracts and the changes made to them; and c) the nature and extent of the risks arising from insurance contracts. IFRS 17 is to be applied retrospectively with exemptions provided for the transition date, and specific disclosures are required on the transition date depending on the transition method adopted.

The amendment is to be applied to annual periods beginning on or after January 1, 2023.

f) IFRS 17 (amendment), ‘Insurance contracts - Initial application of IFRS 17 and IFRS 9 - Comparative information’

This amendment applies only to insurance entities, on initial application of IFRS 17, allowing the adoption of an overlay in the classification of a financial asset for which the insurer does not apply retrospectively, under IFRS 9. This amendment aims to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, with regard to the comparative information that must be presented on the date of initial application of IFRS 17, anticipating the following:

- I. its individual application to each financial asset;
- II. the presentation of comparative information as if the IFRS 9 classification and measurement requirements had been applied to the financial asset, but without the requirement to apply the IFRS 9 impairment requirements; and
- III. the obligation to use reasonable and supported information available at the transition date, in order to determine how the insurer expects that financial asset to be classified, in accordance with IFRS 9 classification.

2. Standards, interpretations, amendments and revisions that come into effect in future years

The following standards, interpretations, amendments and revisions, which are mandatory for future financial years, had been endorsed by the European Union by the date these financial statements were approved:

IAS 1 (amendment), 'Presentation of financial statements - 'Classification of current and non-current liabilities' and 'Non-current liabilities with covenants'

This amendment aims to clarify the classification of liabilities as current or non-current balances depending on the rights an entity has to defer their payment at the end of each reporting period.

The classification of liabilities is not affected by the entity's expectations (the assessment should determine whether a right exists, but should not consider whether or not the entity will exercise that right), or by events occurring after the reporting date, such as non-compliance with a covenant.

However, if the right to defer settlement for at least twelve months is subject to certain conditions being met after the balance sheet date, these criteria do not affect the right to defer settlement for the purpose of classifying a liability as current or non-current.

This amendment also includes a new definition of "settlement" of a liability and is to be applied retrospectively.

a) **IFRS 16** (amendment), 'Lease liabilities in sale and leaseback transactions'

This amendment to IFRS 16 introduces guidance on the subsequent measurement of lease liabilities related to sale and leaseback transactions that qualify as a "sale" in accordance with the principles of IFRS 15 - 'Revenue from contracts with customers,' with a greater impact when some or all of the lease payments are variable lease payments that do not depend on an index or a rate.

When subsequently measuring lease liabilities, seller-lessees should determine "lease payments" and "revised lease payments" in such a way that they do not recognize gains/(losses) with respect to the right of use they retain. Variable lease payments that do not depend on an index or a rate do not meet the definition of "lease payments."

This amendment is to be applied retrospectively.

The Bank did not early apply any of these standards in the financial statements for the twelve-month period ended December 31, 2023. No significant impacts are expected on the financial statements as a result of their adoption.

3. Standards, interpretations, amendments and revisions not yet adopted by the European Union:

The following standards, interpretations, amendments and revisions, which are mandatory for future financial years, had not been endorsed by the European Union by the date these financial statements were approved:

a) IAS 7 e IFRS 7 (amendment), 'Disclosures: Supplier finance arrangements'

These amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures, aim to clarify the characteristics of a supplier finance arrangement and introduce additional disclosure requirements when such arrangements exist.

The disclosure requirements are intended to help financial statement users understand the effects of supplier finance arrangements on the entity's liabilities, cash flows and liquidity risk exposure.

The amendments are effective for the period beginning on or after January 1, 2024. Early adoption is permitted, but must be disclosed.

b) IAS 21 (amendment), 'The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability'

This amendment aims to clarify how to assess the exchangeability of a currency, and how the exchange rate should be determined when it is not exchangeable for a long period.

The amendment specifies that a currency should be considered exchangeable when an entity is able to obtain the other currency within a period that allows for normal administrative management, and through an exchange or market mechanism whereby an exchange transaction creates enforceable rights and obligations.

If a currency cannot be exchanged for another currency, an entity must estimate the exchange rate at the transaction's measurement date. The goal is to determine the exchange rate that would be applicable on the measurement date for a similar transaction between market participants. The amendments also state that an entity may use an observable exchange rate without making any adjustment.

The amendments are effective for the period beginning on or after January 1, 2025. Early adoption is permitted, but the transition requirements applied must be disclosed.

These standards have not yet been endorsed by the European Union and, as such, were not applied by the Bank in the twelve-month period ended December 31, 2023. No significant impacts are expected on the financial statements as a result of their adoption.



5TH BLOOD DONATION CAMPAIGN

Donating blood is an act of citizenship.



3. Report and Opinion of the Audit Committee

Report and Opinion of the Fiscal Council

Dear Shareholders,

1 In accordance with the law and the mandate conferred on us, we present the report on the supervisory activity carried out by the Fiscal Council and give an opinion on the Management Report and Financial Statements presented by the Board of Directors of International Investment Bank, SA for the year ended December 31, 2023.

2 We have followed the Bank's activity with the depth and extent that we considered appropriate. We have taken note of the management acts of the Bank's Board of Directors. We verified the regularity of the bookkeeping and its documentation, as well as the adequacy and effectiveness of the internal control system, the risk management system, internal audit and *compliance*.

3 We also followed the work carried out by Ernst & Young Audit & Associados – SROC SA Sucursal de Cabo Verde.

4 In the course of our duties, we have found that:

- i) the Balance Sheet (which shows a total asset of CVE 41,351,896 thousand and a total equity of CVE 2,966,157 thousand, including a net profit of CVE 671,191 thousand and the Statements of Income, Comprehensive Income, Changes in Equity, Cash Flows and the corresponding Annex, allow an adequate understanding of the financial situation of the Bank, its results, comprehensive income, changes in equity and cash flows;
- ii) the accounting policies and valuation criteria adopted are adequate;
- iii) the Management Report is sufficiently clear of the evolution of the Bank's business and situation, highlighting the most significant aspects, respecting the legal and statutory requirements of the Company;
- iv) the Proposal for Allocation of Results does not contravene the applicable legal and statutory provisions.

5 The Fiscal Council took note of the Audit Report on the Financial Statements for the financial year 2023, issued without reservations, with which we agree.

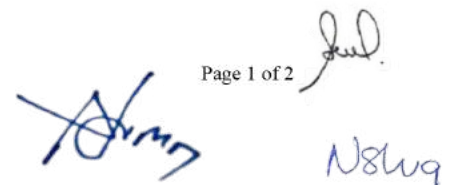
6 It also took note of the external auditors' report on minimum regulatory provisions.

Report and Opinion of the Fiscal Council

International Investment Bank, SA

December 31, 2023

Page 1 of 2



7 Accordingly, taking into account the information received from the Board of Directors and Services and the conclusions contained in the Audit Report, we are of the opinion that the General Meeting approves:

- i) the Management Report;
- ii) the financial statements and their accompanying notes;
- iii) the Proposal for the Application of Net Income in the 2023 fiscal year is approved.

8 Finally, we would like to express our gratitude to the Board of Directors and to all the Bank's employees with whom we have been in contact for the valuable collaboration received.

April 12, 2024 Chairman of

the Fiscal Council



Ildo Adalberto Lima

Vowel

Eunéria Sousa Freitas

Member

Nair Cecília Silva



Ernst & Young Audit & Associados - SROC, S.A.
 Sucursal em Cabo Verde
 Edifício Santa Maria - Complexo Atlântico
 Apartamento 305 - 3º andar
 Avenida Cidade de Lisboa
 Praia - Santiago
 Tel: + 238 3561351

Relatório do Auditor Independente

RELATO SOBRE A AUDITORIA DAS DEMONSTRAÇÕES FINANCEIRAS

Opinião

Auditámos as demonstrações financeiras anexas do International Investment Bank, S.A. (iibCV), que compreendem o Balanço em 31 de dezembro de 2023 (que evidencia um total de 41.351.896 milhares de escudos de Cabo Verde (CVE) e um total de capital próprio de 2.966.157 milhares de CVE, incluindo um resultado líquido de 671.191 milhares de CVE), a Demonstração dos Resultados, a Demonstração do Rendimento Integral, a Demonstração das Alterações nos Capitais Próprios e a Demonstração de Fluxos de Caixa relativas ao ano findo naquela data, e o Anexo às demonstrações financeiras que incluem um resumo das políticas contabilísticas significativas.

Em nossa opinião, as demonstrações financeiras anexas apresentam de forma verdadeira e apropriada, em todos os aspetos materiais, a posição financeira do International Investment Bank, S.A. em 31 de dezembro de 2023, o seu desempenho financeiro e fluxos de caixa relativos ao ano findo naquela data, de acordo com os princípios contabilísticos geralmente aceites em Cabo Verde para o setor bancário.

Bases para a opinião

A nossa auditoria foi efetuada de acordo com as Normas Internacionais de Auditoria (ISA). As nossas responsabilidades nos termos dessas normas estão descritas na secção "Responsabilidades do auditor pela auditoria das demonstrações financeiras" deste relatório. Somos independentes do iibCV de acordo com os requisitos do Código de Ética da Ordem Profissional de Auditores e Contabilistas Certificados, o qual foi elaborado em respeito aos princípios e normas do Código de Ética para Contabilistas e Auditores, editada pela Comissão Internacional de Normas de Ética para Contabilistas e Auditores (IESBA), e cumprimos as restantes responsabilidades éticas previstas nesses requisitos.

Estamos convictos de que a prova de auditoria que obtivemos é suficiente e apropriada para proporcionar uma base para a nossa opinião.

Matérias relevantes de auditoria

As matérias relevantes de auditoria são as que, no nosso julgamento profissional, tiveram maior importância na nossa auditoria das demonstrações financeiras do ano corrente. Essas matérias foram consideradas no contexto da auditoria das demonstrações financeiras como um todo, e na formação da nossa opinião, e não emitimos uma opinião separada sobre essas matérias.

Descrevemos de seguida as matérias relevantes de auditoria do ano corrente:

1. Imparidade para crédito a clientes

Descrição dos riscos de distorção material mais significativos	Síntese da nossa resposta aos riscos de distorção material mais significativos
<p>Em 31 de dezembro de 2023, o iibCV tem registadas perdas acumuladas por imparidade sobre a carteira de crédito no montante de 52.661 milhares de CVE, representando 0,71% do valor do crédito.</p> <p>O detalhe da imparidade para crédito a clientes e as políticas contabilísticas, metodologias, conceitos e pressupostos utilizados são divulgados nas notas às demonstrações financeiras (Notas 2, 17 e 34).</p>	<p>A nossa abordagem de auditoria para a imparidade para crédito a clientes incluiu uma resposta específica que se traduziu no desenho, e subsequente execução, de procedimentos de auditoria que incluíram, designadamente:</p> <ul style="list-style-type: none"> Entendimento e avaliação do desenho dos procedimentos de controlo interno existentes no processo de quantificação das perdas por imparidade para crédito a clientes;

NIF n.º 288871197 - Matriculada na Conservatória dos Registos Comercial e Automóvel da Praia sob o n.º 288871197/2820211122.
 Registo transitório na OPACC - Ordem dos Profissionais de Auditores e Contabilistas Certificados emitido em 17 de fevereiro de 2022
 A member firm of Ernst & Young Global Limited - www.ey.com

Descrição dos riscos de distorção material mais significativos	Síntese da nossa resposta aos riscos de distorção material mais significativos
<p>A imparidade representa a melhor estimativa do órgão de gestão do iibCV sobre a perda esperada nas exposições de crédito concedido a clientes com referência a 31 de dezembro de 2023. Para o cálculo desta estimativa, o órgão de gestão estabeleceu pressupostos, recorreu a modelos matemáticos para calcular parâmetros, interpretou conceitos e dados históricos e concebeu um modelo de cálculo da perda esperada. Para exposições relevantes em base individual, a imparidade é determinada tendo por base julgamentos de especialistas do iibCV na avaliação de risco de crédito e o conhecimento da realidade e situação financeira dos clientes e das garantias associadas às operações em questão.</p> <p>Para além da complexidade dos modelos de quantificação de perdas por imparidade da carteira de crédito, a sua utilização requer o tratamento de um volume significativo de dados, cuja disponibilidade e qualidade podem estar condicionadas.</p> <p>Em face do grau de subjetividade e complexidade que a estimativa de imparidade envolve, a utilização de abordagens, modelos ou pressupostos alternativos pode ter um impacto material no valor da imparidade estimada, o que, juntamente com a materialidade do seu valor, faz com que consideremos este tema como matéria relevante de auditoria.</p>	<ul style="list-style-type: none"> ▶ testes de revisão analítica sobre a evolução do saldo da imparidade para crédito a clientes, comparando-o com o período homologado e com as expectativas formadas, dos quais são de destacar o entendimento das variações ocorridas na carteira de crédito e alterações dos pressupostos e metodologias de imparidade; ▶ seleção de uma amostra de clientes objeto de análise individual de imparidade para avaliação dos pressupostos utilizados pelo órgão de gestão na quantificação da imparidade. Esta análise incluiu a informação sobre a situação económico-financeira dos devedores e os relatórios de avaliação dos colaterais, assim como indagações aos especialistas do iibCV para entender a estratégia de recuperação definida e os pressupostos usados.; ▶ testámos a razoabilidade dos parâmetros utilizados no cálculo da imparidade coletiva, destacando-se: <ul style="list-style-type: none"> i) o entendimento da metodologia formalizada e aprovada pelo órgão de gestão e comparação com a efetivamente utilizada; ii) a apreciação das alterações aos modelos para determinar parâmetros para refletir a perda esperada; iii) a análise das alterações realizadas durante o exercício aos parâmetros de risco (PD, LGD e EAD); iv) o seguimento das medidas corretivas de deficiências anteriormente identificadas no modelo de imparidade coletiva; e v) o teste por amostragem à classificação das operações nos <i>stages</i> 1, 2 e 3; e vi) avaliação da razoabilidade dos ajustamentos realizados, em particular aqueles para responder às áreas de julgamento adicionais resultantes das moratórias e apreciação do processo de gestão associado a esses ajustamentos. ▶ análise das divulgações incluídas nas notas explicativas às demonstrações financeiras, tendo por base os requisitos das normas internacionais de relato financeiro e os registos contabilísticos.

Responsabilidades do órgão de gestão e do órgão de fiscalização pelas demonstrações financeiras

O órgão de gestão é responsável pela preparação de demonstrações financeiras que apresentem de forma verdadeira e apropriada a posição financeira, o desempenho financeiro e os fluxos de caixa do iibCV de acordo com os princípios geralmente aceites em Cabo Verde para o sector Bancário e pelo controlo interno que determine ser necessário para permitir a preparação de demonstrações financeiras isentas de distorção material devido a fraude ou erro.

Quando prepara demonstrações financeiras, o órgão de gestão é responsável por avaliar a capacidade do iibCV se manter em continuidade, divulgando, quando aplicável, as matérias relativas à continuidade e usando o pressuposto da continuidade a menos que o órgão de gestão tenha intenção de liquidar o iibCV ou cessar as operações ou não tenha alternativa realista senão fazê-lo.

O órgão de fiscalização é responsável pela supervisão do processo de relato financeiro do iibCV.

Responsabilidades do auditor pela auditoria das demonstrações financeiras

A nossa responsabilidade consiste em obter segurança razoável sobre se as demonstrações financeiras como um todo estão isentas de distorções materiais devido a fraude ou a erro, e em emitir um relatório onde conste a nossa opinião. Segurança razoável é um nível elevado de segurança, mas não é uma garantia de que uma auditoria executada de acordo com as ISA detetará sempre uma distorção material quando exista. As distorções podem ter origem em fraude ou erro e são consideradas materiais se, isoladas ou conjuntamente, se possa razoavelmente esperar que influenciem decisões económicas dos utilizadores tomadas com base nessas demonstrações financeiras.

Como parte de uma auditoria de acordo com as ISA, fazemos julgamentos profissionais e mantemos ceticismo profissional durante a auditoria e também:

- ▶ identificamos e avaliamos os riscos de distorção material das demonstrações financeiras, devido a fraude ou a erro, concebemos e executamos procedimentos de auditoria que respondam a esses riscos, e obtemos prova de auditoria que seja suficiente e apropriada para proporcionar uma base para a nossa opinião. O risco de não detetar uma distorção material devido a fraude é maior do que o risco de não detetar uma distorção material devido a erro, dado que a fraude pode envolver conluio, falsificação, omissões intencionais, falsas declarações ou sobreposição ao controlo interno;
- ▶ obtemos uma compreensão do controlo interno relevante para a auditoria com o objetivo de conceber procedimentos de auditoria que sejam apropriados nas circunstâncias, mas não para expressar uma opinião sobre a eficácia do controlo interno do iibCV;
- ▶ avaliamos a adequação das políticas contabilísticas usadas e a razoabilidade das estimativas contabilísticas e respetivas divulgações feitas pelo órgão de gestão;
- ▶ concluímos sobre a apropriação do uso, pelo órgão de gestão, do pressuposto da continuidade e, com base na prova de auditoria obtida, se existe qualquer incerteza material relacionada com acontecimentos ou condições que possam suscitar dúvidas significativas sobre a capacidade do iibCV para dar continuidade às suas atividades. Se concluirmos que existe uma incerteza material, devemos chamar a atenção no nosso relatório para as divulgações relacionadas incluídas nas demonstrações financeiras ou, caso essas divulgações não sejam adequadas, modificar a nossa opinião. As nossas conclusões são baseadas na prova de auditoria obtida até à data do nosso relatório. Porém, acontecimentos ou condições futuras podem levar a que o iibCV descontinue as suas atividades; e
- ▶ avaliamos a apresentação, estrutura e conteúdo global das demonstrações financeiras, incluindo as divulgações, e se essas demonstrações financeiras representam as transações e os acontecimentos subjacentes de forma a atingir uma apresentação apropriada.

Comunicamos com os encarregados da governação, entre outros assuntos, o âmbito e o calendário planeado da auditoria, e as matérias significativas de auditoria incluindo qualquer deficiência significativa de controlo interno identificada durante a auditoria.

OUTRA INFORMAÇÃO

Sobre o relatório de gestão

O órgão de gestão é responsável pela preparação de outra informação. Esta outra informação compreende o Relatório de Gestão, que não inclui as demonstrações financeiras e o nosso relatório sobre as mesmas e que obtivemos antes da data do nosso relatório.

A nossa opinião sobre as demonstrações financeiras não cobre a informação constante no Relatório de Gestão e não expressamos qualquer tipo de garantia de fiabilidade sobre essa outra informação.

No âmbito da auditoria das demonstrações financeiras, a nossa responsabilidade é fazer uma leitura do Relatório de Gestão e, em consequência, considerar se a informação nele contida é materialmente inconsistente com as demonstrações financeiras, com o conhecimento que obtivemos durante a auditoria, ou se aparenta estar materialmente distorcida.

Se, com base no trabalho efetuado sobre a outra informação que obtivemos antes da data do nosso relatório, concluímos que existe uma distorção material no Relatório de Gestão, exige-se que relatemos sobre esse facto. Não temos nada a relatar a este respeito.

12 de abril de 2024

Ernst & Young Audit & Associados – SROC, S.A.
Sucursal em Cabo Verde
Representada por:



Ana Salcedas
Diretora Geral



Filipe Brás
Partner

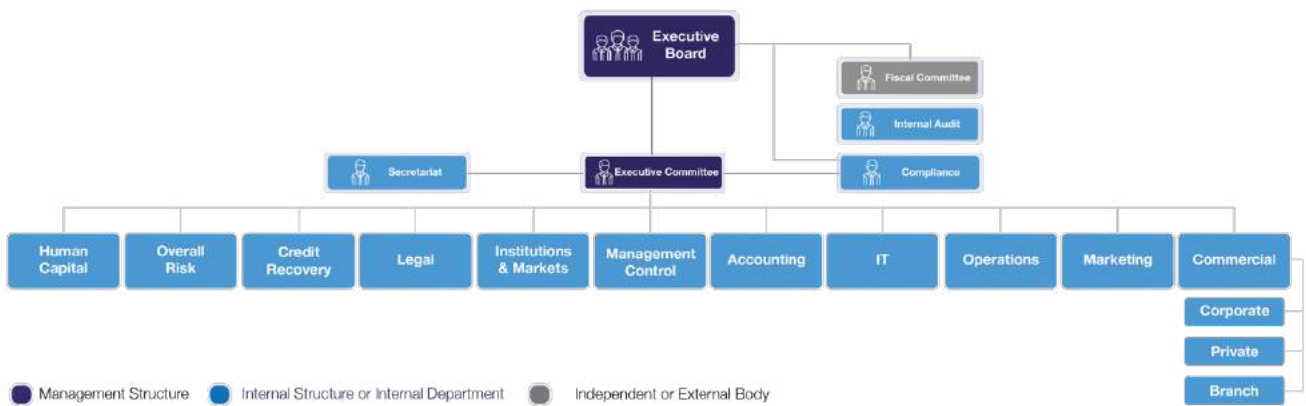
III. Information on Corporate Governance

1. Organizational and Governance Structure

The Bank's organizational structure is made up of a Executive Board, consisting of seven permanent directors and an alternate, and an Executive Committee with three Directors, advised by a solid Internal Control System comprising three key areas: Overall Risk, Compliance and Internal Audit, in addition to the Fiscal Committee, which supervises the Institution's activities.

The Bank is organized into thirteen areas, which ensure the institution's operation and compliance with the principles that prevail in the financial system, as shown in the figure below:

Organizational Chart 2023



2. Description of roles and responsibilities of each member of the institution's board

At iibCV, a set of standards that establish policies, rules and procedures must be applied across all its units, subject to the adaptations that are necessary in each case, in view of the legal or regulatory specificities of each area concerned.

In this context, responsibilities are established for a number of the Bank's departments to, as part of their duties, foster across-the-board application of Internal Regulations that are in force or that may be adopted, in direct functional coordination with all the departments. Accordingly, regulations that are deemed applicable to the national regulatory system are created and/or updated, all of which are ratified by the Bank's Executive Committee.

The Executive Committee has broad powers in the Bank's daily management, in accordance with the Company's by-laws. Therefore, it may exercise a broad range of powers in terms of management and representation and perform all acts necessary or convenient for pursuing the activities included in the Bank's corporate purpose, with strategic management decisions being discussed and approved in this Committee.

The Executive Committee has the authority to appoint representatives with the powers it deems appropriate, including to act as substitutes.

3. Business Units

Like the other banks in the national financial system, iibCV has, since its creation, operated on a purely commercial basis, offering products and services to bank customers, namely individuals and companies.

3.1. Commercial

The Commercial Department is responsible for promoting commercial activities aimed at private and corporate customers, both nationally and internationally.

Entrusted with ensuring the necessary conditions for commercial activity growth, this department bases its strategy on excellence in selection, pricing and risk management, with high efficiency, with monitoring being based on the specialization of various segments and on attracting and generating value, always aiming at full customer satisfaction, on the one hand, and resource optimization, on the other.

Excellence is a constantly pursued goal, by being close and offering personalized service, seeking to adapt its products and services to the needs of customers and the market.

3.2. Financial and Asset and Liability Management

The Finance & ALM Department is responsible for developing and monitoring the Bank's financial management, as well as executing its financing plan, with its duties also including liquidity management and market and liquidity risk management.

It aims to diversify the Bank's business and broaden the customer base and the range of products and services offered, being responsible for the Bank's institutional relations, through the management and maintenance of the Correspondents and Business Partners network.

It constantly monitors the market, creating and updating products and prices, in accordance with key market variables and the Bank's objectives.

4. Internal Control and Risk Management System

The role of the Internal Control System (ICS) is to organize and coordinate methods and measures that safeguard the Bank's assets and interests, promoting operational efficiency and ensuring reliability of accounting and financial information. Its systematization is essentially based on the performance of the three areas that comprise it: Risk, Compliance and Internal Audit.

4.1. Overall Risk

The Overall Risk Department, one of the lines of defense and risk control, is responsible for monitoring the risks (credit, operational, market, liquidity and balance sheet interest rate) that threaten the Bank's activities, developing tools and methodologies to manage them, establishing and monitoring limits and issuing recommendations, with the aim of reducing the impact of risks on the Bank's income and capital.

In order to identify, assess and quantify the Bank's risk exposure and profile, qualitative and quantitative analyzes are carried out, including performance indicators, loan portfolio quality metrics, identification of risk events, execution of stress test scenarios, capital consumption, overdue loan recovery actions, and identification of potential risks that may affect the Bank's business plan and objectives.

Risk Management activities are carried out independently of the other units responsible for controlling and supervising risks, in accordance with the Banco de Cabo Verde recommendations (Notice no. 02/2013) and with the best and most recent international practices.

4.2. Compliance

The Compliance Function is an independent, permanent and effective function whose mission is to promote compliance with legal, regulatory, operational, ethical and conduct obligations and duties that, at any time, are applicable to credit institutions and its governing bodies, directors and employees, as part of the institutional control and supervision environment laid out by the relevant regulatory authorities.

Being responsible for one of the Bank's control functions, the Compliance Department cooperates with the other control functions (Overall Risk and Internal Audit) to monitor and evaluate the internal control procedures on anti-money laundering and counter financing of terrorism.

Thus, as regards prevention and risk-based approach, knowing the customer is one of the Bank's main concerns, given its importance in establishing their risk level, transaction profile, monitoring level and controls to be implemented, minimizing the likelihood of the Bank inadvertently entering into business relationships with people or entities known to



be suspected of involvement in ML/TF crimes.

For iibCV, the existence of a framework of values, principles and rules that guide its actions and the standards that establish the way it conducts business and carries out its activities is crucial. To this end, the Bank has implemented a Code of Ethics and Conduct, a Conflict of Interest Management Policy and a Money Laundering and Terrorist Financing Risk Management Policy.

4.3. Internal Audit

The Internal Audit Function's mission is to contribute to the sustainable development of activities by systematically, rigorously, independently and objectively assessing the risk-based internal governance structure and internal control system with a view to ensuring their adequacy and effectiveness.

The Internal Audit function carries out its activities in accordance with internationally recognized and accepted Internal Audit standards and principles, especially the International Professional Practices Framework (IPPF), published by The Institute of Internal Auditors (IIA).

5. Business Support

All iibCV operations are supported by a range of integrated and cross-cutting functions and expertise whose mission is to ensure business execution, from upstream to downstream, ensuring the reliability of data and information.

Business Support is responsible for fulfilling customers' requests and for all interactions between customers and the Bank, unequivocally contributing to the pursuit of the Bank's results and, consequently, to its growth.

5.1. Information Technology

The Information Technology Department (IT) has the mission of ensuring the proper functioning of the institution's technological equipment, IT tools, resources and services, as well as meeting emerging needs in terms of organizational systems, whether required by the regulator or from of the internal areas, and continuously improving the technological systems implemented, aiming at satisfying the needs for the normal performance of iibCV's activities.

In 2023, the IT Department dedicated itself to continuous improvement of internal processes, both at departmental and interdepartmental levels, collaborating in the implementation of new solutions and improvement of internal technological tools, to better serve customers.

5.2. Operations

The Operations Department is responsible for the operational part of the Bank's activities, for opening accounts and managing cards, transfers and other means of payment. It is also in charge of preparing and processing financing agreements, in different aspects, as well as the operationalization of customer investments.

Also in the context of the duties established in the Bank's management model, this department functions as a back office, dealing with operational tasks related to transactions and customer relations, making all commercial activities faster and safer.

The main goal of the Operations Department is to offer high excellence in operations execution, at the lowest cost, contributing to the overall growth of the Bank's business, its profitability and maintaining customer satisfaction and loyalty.

5.3. Accounting

The Accounting Department is responsible for preparing and disclosing iibCV's individual financial statements, namely regulatory reports and reports to the Group.

It is also charged with handling tax obligations, including compliance with reporting obligations to customers and tax authorities, as well as establishing and coordinating contacts with external auditors and tax consultants.

It is the department's job to prepare the reconciliation of the financial movements generated by the transactions made, value such transactions and report the positions and results of the Bank's various portfolios on a monthly basis.

5.4. Credit Recovery

The Credit Recovery Department's mission is to timely identify potential or actual defaults by customers to whom iibCV has credit exposure, with the aim of maximizing their recoverability by implementing both conventional and unconventional approaches. In addition, the Department is responsible for managing real estate assets available for sale.

The continuous and prudent management of the loan portfolio, combined with a strategy focused on diligent risk monitoring, helped reduce the annual percentage of non-performing loans (NPL) from 1.03% to 0.41%. This improvement reflects a more favorable condition, particularly in view of an adverse macroeconomic context that may manifest itself in the coming periods.

5.5. Legal

The Legal Department aims to support the technical-legal coordination of all activities related to the Bank and all the processes that support such activities.

It provides legal advice internally, by issuing opinions and drafting contracts and other legal documents that serve as working instruments and the basis for decision-making.

It also works in collaboration with the Credit Recovery Department, taking pre-litigation action and defining the criteria and general guidelines related to it, providing support in the litigation phase.

6. Human Capital

The Human Capital Department follows the guidelines in iibCV's strategy, with the core mission of defining, developing and implementing overall Human Capital strategies and policies, in order to contribute to the motivation and high-performance standards of bank employees.

In view of the specific characteristics of Human Capital management, aiming to make the best use of skills and develop talent, and considering the need to ensure the consistency of policies and standards, the Department's role is to promote permanent interconnection with all the Bank's departments.

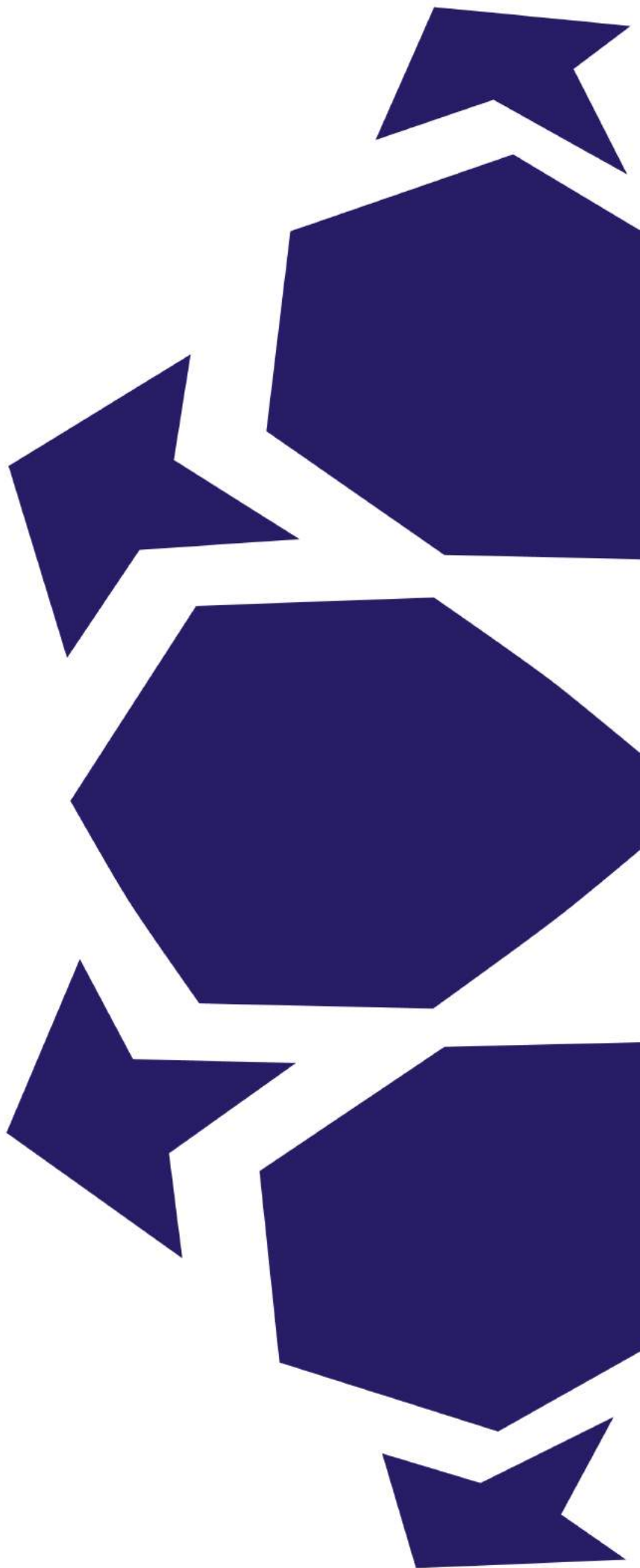
The Department's organization involves aligning the macro human resource processes (recruitment and selection, training and development, performance evaluation systems, remuneration and incentive systems, drafting employment contracts, controlling attendance and absenteeism, processing salaries and declaring associated tax obligations) with the Bank's core business, in order to maximize value creation.

Our Presence



Your Bank, Your Future

O seu Banco O seu Futuro





international investment bank S.A.

Avenida Cidade de Lisboa, CP 35,
Praia, Santiago, Cabo Verde

🌐 iibanks.com/westafrica

☎ +238 260 2626

